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UNITED STATES DISTRICT COURT

NORTHERN DISTRICT OF CALIFORNIA

In Re ACACIA MEDIA TECHNOLOGIES CORPORATION	Case No. C-05-0114JW **ROUND 3 DEFENDANTS' CLAIM CONSTRUCTION MEMORANDUM REGARDING THE ASSERTED '863 CLAIMS AND THE PREVIOUSLY-CONSTRUED TERMS** Date: September 7-8, 2006 Time: 9:00 a.m. Courtoom: Honorable James Ware

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Correlation of This Memorandum to Joint Claim Chart

Joint Claim Construction Chart	Claim Term	Memorandum
# 1	"transmitting compressed, digitized data representing a complete copy of at least one item of audio/video information at a non-real time rate from a central processing location" ('863 patent, claim 14)	Section XII
# 2	"inputting an item having information into the transmission system" ('863 patent, claims 14 and 17)	Section III
# 3	"assigning a unique identification code to the item having information" ('863 patent, claims 14 and 17)	Section VIII
# 4	"formatting the item having information as a sequence of addressable data blocks" ('863 patent, claims 14 and 17)	Section X
# 5	"receiving the transmitted compressed, digitized data representing a complete copy of the at least one item of audio/video information, at a local distribution system, remote from the central processing location" ('863 patent, claims 14 and 17)	Section XVI
# 6	"storing the received compressed digitized data representing the complete copy of the at least one item at the local distribution system" ('863 patent, claims 14 and 17)	Section XVII
# 7	"in response to the stored compressed, digitized data, transmitting a representation of the at least one item at a real-time rate" ('863 patent, claim 14)	Section XVIII
# 8	"at least one of a plurality of subscriber receiving stations coupled to the local distribution system" ('863 patent, claims 14 and 17)	Section XIX

Joint Claim Construction Chart	Claim Term	Memorandum
# 9	"decompressing the compressed, digitized data representing the at least one item of audio/video information after the transmission step wherein the decompressing step is performed in the local distribution system to produce the representation of the at least one item for transmission to the at least one subscriber station." ('863 patent, claim 14)	Section XX
# 10	"wherein the inputting step comprises inputting the item having information as blocks of digital data" ('863 patent, claims 15 and 18)	Section IV
# 11	"wherein the inputting step comprises inputting the item having information as an analog signal; and converting the analog signal to blocks of digital data" ('863 patent, claims 16 and 19)	Section V
# 12	"formatting items of audio/video information as compressed digitized data at a central processing location" "wherein the formatting step comprises" ('863 patent, claim 17)	Section XIV
# 13	"transmitting compressed, digitized data representing a complete copy of at least one item of audio/video information from a central processing location" ('863 patent, claim 17)	Section XIII
# 14	"using the stored compressed, digitized data to transmit a representation of the at least one item to at a plurality of subscriber receiving stations coupled to the local distribution system" ('863 patent, claim 17)	Section XXI
# 15	The order of the steps of claims 14 and 17 of the '863 patent.	Section XXII
# 22	"transmission system" ('992 patent, claims 19 and 41; '275, claims 2 and 5; '863 claims 14 and 17)	Section I
# 23	"reception / receiving system" ('992 patent, claim 19; '275 patent, claims 2 and 5)	Section XV

Joint Claim Construction Chart	Claim Term	Memorandum
# 24	"storing items having information in a source material library" ('992 patent, claim 41)	Section II
# 25	"items containing information" (and the related term "items having information") ('992 patent, claims 19 and 41; '275 claims 2 and 5; '863 claims 14 and 17)	Section II
# 27	"retrieving the information in the items from the source material library" ('992 patent, claim 41)	Section VI
# 28	"assigning a unique identification code to the retrieved information" ('992 patent, claim 41)	Section VII
# 29	"placing the formatted data into a sequence of addressable data blocks" (and the related term "ordered data blocks") ('992 patent, claims 19 and 41; '863 patent, claims 14 and 17; '275 patent, claims 2 and 5)	Section IX
# 30	"storing, as a file, the compressed, formatted, and sequenced data with the assigned unique identification code" ('992 patent, claim 41; '863 patent, claim 14)	Section XI

Preliminary Statement

The Round 3 Defendants submit this memorandum regarding the construction of the asserted claims of U.S. Patent No. 5,550,863 (the "'863 patent") and the previously construed claims of U.S. Patent No. 5,132,992 (the "'992 patent").

As the Court knows, the claims of the Yurt patents are laden with high tech-sounding phrases such as "central processing location," "source material library," "transmission system," "receiving system," "sequence of addressable data blocks" and the like which are not defined in the specification and oftentimes do not even appear in the specification. In addition, the terms frequently either have no plain meaning or are used in the specification in a manner inconsistent with their plain meaning. Quite understandably, the Round 2 defendants have in many cases simply thrown up their hands and given up on any attempt to give meaning to many of these terms. They contend that the terms cannot be defined, and should therefore be declared indefinite.

The Round 3 defendants, however, believe that there is one approach that may save many of the claim terms from indefiniteness – construing the claim terms in conformance with the written description. In the absence of a plain meaning for a term that is consistent with the use of the term in the specification, this is the only approach that can give the term a definite meaning. Any other approach – and specifically the approach urged by Acacia whereby the limitations imposed by these terms can either be ignored or rewritten to say something completely different – would render the claims indefinite. Claim terms must "particularly point[] out and distinctly claim[] the subject matter" of the invention. 35 U.S.C. § 112. They are not empty vessels to be filled with whatever meaning is desired and deemed to be expedient by a patent plaintiff. But unless the claim terms of the Yurt patents are construed to conform with the specification, it will be impossible for the public to determine what the claims cover and what they exclude. The patent claims will become infinitely malleable, taking on whatever shape Acacia chooses.

In this brief, we will address the various claim terms in dispute in the order they generally occur in the steps that describe the patented process of extracting information from physical objects located in a source material library, converting and compressing it into the required format, storing and then sending to the reception system and playback device. When applicable, we will identify the prior proceedings concerning the claim terms at issue, including the Court's previous constructions in its Orders of July 12, 2004 and December 7, 2005 ("Markman I" and "Markman II," respectively).

SECTION I (JCC # 22)

"transmission system"

('992 claims 19, 41; '275 claims 2 and 5; '863 claims 14 and 17)

Round 3 Defendants' Proposed Construction

> A "transmission system" is a system as depicted in Fig. 2 (2a and 2b) of the Yurt patents. A "transmission system" must include the following components, interconnected in the order identified: a source material library (element 111 of Fig. 2a); an identification encoder (element 112 of Fig. 2a); a conversion means (element 113 of Fig. 2a); a time encoder (element 114 of Fig. 2a); a pre compression processor (element 115 of Fig. 2a); a compressor (element 116 of Fig. 2a); a compressed data storage means (element 117 of Fig. 2a); a compressed data library (element 118 of Fig. 2b); a transmission format means (element 119 of Fig. 2b); and a transceiver or transmitter (element 122 of Fig. 2b).

Argument

A) Prior Proceedings

In the briefing which preceded the Court's construction of "transmission system" in Markman I (pp. 27-28), both Acacia and the Round 1 defendants relied on the dictionary definition of "transmission system" in support of their respective proposed constructions. They relied on the *IEEE Standard Dictionary of Electrical and Electronic Terms*, Fifth Ed. 1405 (1993) ("IEEE Dictionary"), which defines a transmission system as "an assembly of elements capable of functioning together to transmit signal waves."

Notwithstanding the fact that the plain and ordinary meaning of "transmission system" does not include storage – indeed, storage[1] is the anthesis of transmission – the Court construed "transmission system" to mean "an assembly of elements, hardware and software, that function together to convert items of information *for storage in a computer compatible form and subsequent transmission* to a reception system." (Markman I p. 28, emphasis added.) The Court's inclusion of "storage" in the definition of "transmission system" correctly recognized that, as used in the specification and claims of the Yurt patents, the term "transmission system" means something other than its plain and ordinary meaning.

In particular, the only "transmission system" disclosed in the specification (depicted in Figs. 2a and 2b) has two storage "libraries" (a "source material library" and a "compressed data library"). As the Court apparently recognized, the plain and ordinary meaning of "transmission system" – a system that transmits rather than stores – cannot be adopted here because it would not cover the only "transmission system" disclosed in the specification. Furthermore, many claims explicitly require the transmission system to include storage. (*See, e.g.*, '992 claim 19 and '275 claims 2 and 5, which call for "storing, in the transmission system . . .") Accordingly, based on the specification and the claims, the Court modified the dictionary definition of "transmission system" to add a storage requirement.

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[1] As Acacia correctly observes in its Legal Memorandum Re The Definitions Of Claim Terms From The '863 and '720 Patents And Terms From The '992 Patent That The Court Has Already Construed (hereinafter "Acacia Br." pp. 68-69), "storing" items involves maintaining the items stored. "Storage" is thus distinguished from memory buffers, for example, which do not maintain data.

The Round 3 defendants submit that although the Court looked to both the specification and the plain meaning to interpret the claim term "transmission system," the Court's construction is not supported by either. There is no legal basis for adding some aspects of the transmission system of Figure 2 to the plain-meaning definition of "transmission system" (*i.e.*, storage and retransmission) but not others. Because the term "transmission system" is used in the specification in a manner that is incompatible with its plain meaning, and because the transmission system of Figure 2 is the only "transmission system" disclosed in the specification, the term "transmission system" should be construed as requiring each of the "transmission system" components depicted in Figure 2. If "transmission system" is not construed to be so limited, then the term is indefinite. (*See* Section I(C) below.)

B) The Specification's Use of "Transmission System" in a Manner Incompatible with its Plain Meaning Requires That the Term Be Limited to the Disclosed Transmission System

As reflected by the IEEE Dictionary definition, "transmission systems" are understood by those skilled in the art to be systems which move information from one place to another. This understanding is confirmed by other dictionaries which give similar definitions for "transmission system":

> Facilities used for the transfer of information from one geographic location to another. An information transmission medium generally consists of copper conductors, fiber or microwave radio.[2]

> transmission system: Part of a communication system organized to accomplish the transfer of information from one point to one or more other points by means of signals.[3]

The use of the term "transmission system" in the specification and claims is incompatible with the plain meaning of the term. Storage libraries are antithetical to the functions and objectives of transmission systems, which are designed to move information, not to store it. Yet, the only "transmission system" disclosed in the specification contains two storage libraries, a "source material library" for storing items containing information (shown as element 111 in Figure 2a and described, *inter alia*, at 5:66-6:34) and a "compressed data library" for storing information in compressed form (shown as element 118 in Figure 2b and described, *inter alia*, at 10:31-57). The plain meaning of "transmission system" is also incompatible with claims that require transmission systems to have storage. (*See*, *e.g.*, '992 claim 41: "A method . . . performed by a transmission system, of: storing items having information in a source material library; . . . storing, as a file, the compressed, formatted, and sequenced data blocks with the assigned unique identification code . . .")

Similarly, the plain meaning of "transmission system" is incompatible with including an "identification encoder" in a transmission system, as described in the specification and expressly required by several claims. (*See, e.g.*, '992 Figure 2 and claim 1 at 20:21.) According to the specification, an identification encoder performs "storage encoding," which includes assigning unique identification codes and file addresses where information will be stored in the compressed data library. (6:35-54.)[4] These are functions that require storage for an indefinite period of time, not transmission of information.[5]

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[2] http://www.fortfrancesbroadband.ca/terms.htm#T

[3] http://www.atis.org/tg2k/_transmission_system.html

The Court's construction of "transmission system" in Markman I (before the Round 3 defendants were in the case) recognized that the Yurt specification uses that term in a manner inconsistent with its plain meaning. That is why, we believe, the Court *sua sponte* included a requirement of "storage" – a concept that appears in the Yurt specification and claims but that cannot be found in any dictionary definition of "transmission system."

However, we respectfully submit that there is no legal or logical basis for construing the claim term "transmission system" to include just *one* aspect of the "transmission system" described in Figure 2 of the specification (*i.e.*, storage), and to exclude from the definition other elements of the described "transmission system" (*e.g.*, an identification encoder). Moreover, there is no basis for including any type of storage when the specification discloses only a "source material library" and a "compressed data library". Once it is acknowledged that the term "transmission system" is used in a manner that departs from its plain meaning, there are only two possible choices: either adopt the only definition that is supported by the specification – *i.e.*, the system of Figure 2 – or conclude that the term is indefinite. *See* Section I(C) below.

The construction of "transmission system" as the system of Figure 2 is consistent with the inventors' repeated description of their invention as a transmission system. The title of all of the Yurt patents is "Audio and Video *Transmission* and Receiving *System*." The invention is similarly characterized as either a "transmission system" or as a "transmission and receiving system" repeatedly throughout the specification. ('992 1:6-7; 1:62-66; 1:67- 2:4; 2:5-10; 2:11-15; 3:24-26; 3:27-29; 3:50-52; 3:54-58; 3:61-64; 3:64-68; 4:1-5; 4:14-18; 4:19-22; 4:30-33; 4:52-63; 4:34-36; 6:35-39; 6:55-58; 7:59-61; 8:57-59; 9:9-12; 13:29-34; 15:61-65; 15:65-67.)

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[4] All citations herein to the common specification of the Yurt patents, including in the discussion of the claims of the '863 patent, are to the '992 patent specification. Citations in the format __:__ refer to the column and line numbers of the '992 patent.

[5] Transmission systems also do not receive and process user requests.

Likewise, the inventors characterized the invention as a "transmission system" during prosecution:

> "The entire system includes a transmission system and a reception system. The transmission system includes a source material library from which a user makes a selection. The selected program is processed and compressed for storage in a compressed data library. The system control computer controls access to programs stored in the compressed data library and controls transmission of selected programs to a user." [Petition to Make Special pp. 2-3 (Benyacar May 8 Decl., Exh. B)]

C) "Transmission System" Is Indefinite Under the Court's Existing Construction

A claim is indefinite if it is "insolubly ambiguous." *Exxon Res. Eng'g Co. v. United States*, 265 F.3d 1371, 1375 (Fed. Cir. 2001). Because the term "transmission system" can and should be construed as limited to the transmission system depicted in Figure 2, the term is not "insolubly ambiguous." The Round 3 defendants are therefore not, at this time, asking that the Court rule that the term is indefinite.

However, if "transmission system" is not limited to the system of Figure 2, then the term is indefinite because one of skill in the art would have no way to know when functions identified in the claims are performed by a "transmission system" as opposed to being performed by some other type of system or device. The claims of the asserted patents contain many "transmission system" limitations, including limitations directed to things which a transmission system must do, things which a transmission system must contain, things which have to be sent to a transmission system, things which have to be sent from a transmission system, things a transmission system must be remote from, things which must be stored in a transmission system, etc. In order for someone to determine whether he is infringing the asserted patents, he must have the ability to determine not just whether he is performing the functions described in the claim, but whether these functions are being performed with a "transmission system."

For example, '992 claim 41 requires that the functions itemized in that claim be performed by a transmission system ('992 24:53-55: "A method . . . performed by a transmission system, of. . .") Thus, even if one performs all of the functions described in claim 41, if that person is not performing all of those functions with the transmission system, there is no infringement. Therefore, claim 41 is definite only if the public can ascertain whether the claimed functions are performed by the transmission system or by some other system, such as a "reception system" or a "local distribution system."

But unless the term is construed to mean the system depicted in Figure 2, the public has no way to tell where a transmission system stops and where the device or location to which a transmission system sends information starts.[6] Therefore, there is no way to tell by looking at a commercial embodiment whether it is the transmission system or some other system which is performing claimed functions. It is of no help to say that a "transmission system" transmits to a "reception system" – that is akin to defining the border between the United States and Canada by stating that "the United States ends where Canada begins." While true, there is no way to use this definition to determine whether you are actually standing in the United States or Canada.

Consider a hypothetical system containing components "A", "B", "C" and "D", in which "A" transmits to "B", "B" transmits to "C", and "C" transmits to "D". Does the "transmission system" consist of "A" and the "reception system" consist of "B", "C" and "D"? Or does the "transmission system" consist of "A" and "B" and the "reception system" consist of "C" and "D"? Or does the "transmission system" consist of "A", "B" and "C" and the "reception system" consist of "D"? One is at a loss.

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[6] Asserted claims variously describe a transmission system as sending to a "reception system" ('275 claims 2 and 5), to a "receiving system"('992 claim 19), to a "local distribution system"('863 claims 14 and 17), to a "remote location" ('992 claim 41), etc.

If a patent claim requires a certain function to be performed by a "transmission system" and the function is performed by "C", does it come within the claim? There is no way to know.

The malleability – and indefiniteness – of the term "transmission system" is not just a theoretical problem. In the infringement contentions that Acacia served on Time Warner Cable on February 27, 2006 and in Powerpoint presentations on Acacia's website,[7] Acacia alleges that the same cable system can variously be (i) a transmission system; (ii) a component of a transmission system; (iii) a local distribution system; or (iv) whatever else Acacia needs it to be in order to make out an infringement case. This is despite the fact that the specification (in Figures 1d, 1e and 1f) depicts the use of the alleged invention with a cable television system and, in each case, the cable television system is said to be a part of the reception system, *not the transmission system*. Likewise, the claims of the patents in suit which specifically reference a cable system characterize that system as a "reception system" or a "receiving system" ('992 claims 23, 49-52; '275 claims 1, 3, 4, 5 and 6). There is no disclosure in the specification of a cable television system being part of a transmission system. Yet, Acacia magically transforms a cable system from a "reception system" (as it is described in the patents) to a "transmission system" for purposes of some (but not all) of its infringement contentions based on the malleable, indefinite definition of the term adopted by the Court in Markman I.[8]

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[7] http://www.acaciatechnologies.com/technology_cable.htm

The definition of "transmission system" proposed by the Round 3 Defendants, in contrast, does not suffer from any such infirmity. If a system contains the components of a "transmission system" that are described in the specification of the Yurt patents, then it is a "transmission system." That is the only construction that is consistent not only with the specification, but also with the legal requirement of definiteness.

D) The Round 3 Defendants' Construction of "Transmission System" Does Not Violate Any Claim Construction Canons

Acacia alleges that "[t]he Round 3 defendants' construction [of "transmission system"] would violate every relevant claim construction canon." (Acacia Br. p. 62.) Acacia goes on to cite a number of purported canons which our construction allegedly violate. Acacia's objections are without merit - our construction is consistent with all of the canons of claim construction, with the specification, and with the claims of the asserted patents.

Acacia begins by listing a number of bullets which all relate to Acacia's contention that our construction of "transmission system" reads limitations into the claims.[9] (Acacia Br. pp. 63-64.) It does not. As discussed above, the specification does not use the term "transmission system" consistent with its plain meaning, and the only legally-supportable construction of the term is the one we propose. Under the circumstances, it is perfectly appropriate to construe the claims in light of the embodiment disclosed in the specification. *See Inpro II Licensing, S.A.R.L. v. T-Mobile USA, Inc.*, 450 F.3d 1350, 1353 (Fed. Cir. 2006) (affirming construction that "host interface" does not encompass "any interface for providing communications with a host" and must be limited to "a direct parallel bus interface" because "the only host interface described in the specification is a direct parallel bus interface, and . . . the specification emphasizes the importance of a parallel connection"); *The Toro Co. v. White Consolidated Indus., Inc.*, 199 F.3d 1295, 1300-01 (Fed. Cir. 1999) (construing "cover including means for increasing the pressure" as requiring attaching a restriction ring to the cover because "[t]he specification and drawings show the restriction ring as 'part of' and permanently attached to the cover. No other structure is illustrated or described"); *Wang Labs., Inc. v. America Online, Inc.*, 197 F.3d 1377, 1383 (Fed. Cir. 1999) ("The only embodiment described in the '669 patent specification is the character-based protocol, and the claims were correctly interpreted as limited thereto."); *Modine Mfg. Co. v. United States Int'l Trade Comm'n*, 75 F.3d 1545, 1551 (Fed. Cir. 1996) (claims not construed broader than preferred embodiment when that embodiment is described as the invention itself).

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[8] It is appropriate for the Court to consider Acacia's infringement contentions. *See Lava Trading, Inc. v. Sonic Trading Management, L.L.C.*, 445 F.3d 1348, 1350 (Fed. Cir. 2006) (courts should consider the accused product or method during claim construction because "[w]ithout the vital contextual knowledge of the accused products or processes, this appeal [of a Markman decision] takes on the attributes of something akin to an advisory opinion").

[9] The first, second and third bullet points in Acacia's Brief (p. 63) all seem to be related to this, as does Acacia's objection that "[t]he Round 3 defendants' proposed construction would eliminate the need for claims" in the first bullet point on p. 64.

Acacia also objects that our construction is inconsistent with the specification, because the specification says that a transmission system need only include some of the elements in Figures 2a and 2b. (Acacia Br. p. 63.) However, the specification does not say which components depicted in Figure 2 are required components of a transmission system and which are not. In fact, none of the components is described as optional. It is well established that courts will not give priority to general statements that components of an invention can be varied over the actual description of the invention. *See Iredeto Access, Inc. v. Echostar Satellite Corp.*, 383 F.3d 1295, 1301 (Fed. Cir. 2004)

(statements in specification that disputed claim term "may," "normally," and "for example" manifest certain embodiments does not broaden the disputed term beyond those embodiments supported by the specification.)

Acacia next says that our construction of "transmission system" is inconsistent with the way the term is used in method and means-plus function claims. (Acacia Br. pp. 63-64.) Again, Acacia is mistaken:

- Acacia alleges that our construction must be wrong because the method claims which recite steps performed by a transmission system do not require all of the functions which are performed by all of the components of the transmission system depicted in Figure 2. However, there is no requirement that a method claim directed to the functions performed by an apparatus recite all of the functions which the apparatus performs. For example, one can have a claim directed to igniting the ignition on a car without including all of the functions that a car can perform.[10]

- Acacia alleges that if the Court adopts our construction, all of the means-plus-function elements of '992 claim 1 would "presumably" have a definite structure. This simply does not follow. For example, a transmission system must have an "identification encoder" because the specification says it must, but this does not mean an "identification encoder" is a known device, or has a known structure, such that a means-plus-function element directed to it would be definite. *See In re Donaldson Co.*, 16 F.3d 1189, 1195 (Fed. Cir. 1994) (*en banc*) ("If an applicant fails to set forth an adequate disclosure" of the means, "the applicant has in effect failed to particularly point out and distinctly claim the invention as required by the second paragraph of section 112").

- Finally, Acacia argues that our construction is inconsistent with the Court's ruling that "sequence encoder" is indefinite. Again, this simply does not follow. The Court correctly held that "sequence encoder" is not a "time encoder." The fact that a particular claim requires that a transmission system must have a time encoder does not

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[10] That is not to say the claims of the patent in suit properly omit necessary functions of a transmission system, or that these claims are supported by the specification. This is a subject for another day.

> explain or clarify claims that require a transmission system to have a "sequence encoder."

SECTION II (JCC # 24 and 25)

"storing items having information in a source material library"

('992 claims 19 and 41; '275 claims 2 and 5; '863 claims 14 and 17)[11]

Round 3 Defendants' Proposed Construction

A source material library is a device which is capable of:

i) storing different types of physical objects containing information, including but not limited to audio recordings, still pictures, files of documents, books, computer tapes, computer disks, documents of various sorts, musical instruments, and other physical objects; and

ii) automatically transferring a physical item containing information to an identification encoder in response to an electronically-received request which identifies the physical item containing information. A source material library must be capable of performing this function with physical items of any of the media types described in (i) above.

"Items having information" are physical objects containing information.

Argument

A) Prior Proceedings Regarding "Items Having Information"

In the course of construing the term "library means for storing items containing information" in claim 1 of the '992 patent, the Court construed "items containing information" to mean "items containing information in analog or digital format." (Markman I pp. 11-12.) The Court explained that "[t]he limitation requiring the information to be stored in analog or digital format is necessary as the conversion means element 113 [in figure 2d of the patent] only converts analog and digital inputs into a 'formatted data' output." (*Id.* at 11; footnote omitted.) Therefore, if the Court did not construe "items containing information" to be limited to "items containing information in analog or digital format," retrieval of the information would not be enabled:

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[11] The exact phrase "storing items having information in a source material library" appears only in claim 41. "Items containing [or having] information" appears in all of the listed claims.

> To preserve validity of the patent, the applicants limited claim 1 of the '992 patent as well as other claims involving a source material library to envelop only retrieving "information in the items." ('992 patent, 20:19). Although the specification discloses musical instruments and books being stored in the source material library, it does not enable retrieval of such items, much less conversion of such information in the items into the required input format acceptable by the conversion means (figure 2a (113)). ('992 patent, figure 2a.)

Id. Thus, the Court excluded physical objects such as musical instruments and books which contain information that is not "in analog or digital format."

B) Prior Proceedings Regarding "Source Material Library"

The Court previously construed the term "storing items having information in a source material library" to mean "adding items having information to a collection of existing materials." (Markman I pp. 24-25.) The Court never separately construed "source material library." However, in its construction of the claim term "library means," the Court held that "a generic library by itself is not integrated with the claimed invention and does not make the information available. A particular kind of library, a 'source material library' is required in the claimed invention." (*Id.* at 10.) The Court concluded "that the corresponding structure of 'library means' is the 'source material library,' as represented by block 111 of Figure 2a of the '992 patent. The claim covers this corresponding structure and its equivalents." (*Id.* at 12.)

In reaching the conclusion that the library means and the corresponding source material library could not be a generic library, the Court noted that the applicants distinguished the prior art

Lang patent during prosecution because *Lang* only "envisioned" use of such a library at some future time. The applicants argued based on this that Lang did not know how to incorporate a source material library into the disclosed system. (*Id.* at 10 n.5.) If a source material library were just a generic library (*e.g.*, books on shelves), the argument that Lang did not know how to incorporate such a library would make no sense. Therefore, "the applicants disavowed any corresponding structure of 'library means' other than a 'source material library.'" (*Id.*)

Although the Court never ruled on what the structure of a source material library is, neither Acacia nor any of the Round 1 or Round 2 defendants sought reconsideration of the Court's construction.

C) Construction of "Items Containing (Having) Information"

1. "Items Containing (Having) Information" Are Physical Objects Containing Information

In its briefing preceding the June 14-15 Markman hearing, the Round 2 defendants argued that "items containing information" means "physical objects on which information is stored, such as videotapes and laser disks." (Benyacar Aug. 11 Decl., Exh. A; Satellite Defendants' Memorandum Regarding the Definitions of Terms in Claims 41-45 of the '992 Patent, pp. 21-23.) Because "items containing information" was a term the Court had construed in Markman I, however, it was a term on which the Round 3 defendants were scheduled to be heard during the August 11 *Markman* hearing (now scheduled for September 7-8.) Therefore, the Round 3 defendants only briefly addressed this term in their Round 3 Defendants' Claim Construction Brief (Part I), filed on May 8, 2006; (Benyacar Aug. 8 Decl. Exh. B; hereinafter "Round 3 Defendants' May Brief") pp. 10-11.

At oral argument on June 14, however, the Round 3 defendants further explained why the prosecution history precluded Acacia's argument that "items containing information" can be the information itself. '992 claim 19 was amended during prosecution, in response to a prior art rejection, to change "information" to "*items containing* information." [*See* 10/1/91 Amendment, p. 5 (Benyacar Decl. in support of Round 3 Defendants' May Brief Ex. E)] Acacia's contention that "items containing information" can be the information itself would render that amendment a nullity. [June 14 Hearing Tr. pp. 39:3 - 40:16 (Benyacar Aug. 11 Decl. Exh. N); Round 3 Defendants' Demonstrative Exhibits for the June 14-15 Markman hearing (filed with Court on August 11, 2006; hereinafter "Round 3 Defendants' Demonstrative Exhibits"), Tab 2].

Furthermore, the specification describes the "items" in the source material library as physical objects such as books, records, still pictures, computer tapes, computer disks, documents, musical instruments and the like. ('992 6:2-22.) There is nothing in the specification to suggest that an "item containing information" may be a virtual (*i.e.*, an imaginary) object such as a computer file, which is nothing more than a unit of information which is stored *on* a physical storage medium. Construing the term "item containing information" to include a computer file would obliterate the distinction between "information" and an "item containing information," a distinction which is mandated by the prosecution history.

For all of these reasons, "items containing information" are physical objects containing information.

2. The Physical Objects Stored and Processed by a Source Material Library Are Not Limited to Objects Containing Information in Analog or Digital Format

In construing the '992 claim 1, the Court imposed a requirement that the information contained in an item be in analog or digital format. The Court imposed this limitation because, without it, the retrieval of information from the items would not be enabled. (Markman I p. 11.) However, the Federal Circuit ruled in an *en banc* decision subsequent to the Court's Markman I Order that the principle that claims should be construed, if possible, to sustain their validity is "limited . . . to cases in which the court concludes, after applying all the available tools of claim construction, that the claim is still ambiguous." *Phillips v. AWH Corp.*, 415 F.3d 1303, 1327 (Fed. Cir. 2005) (*en banc*) (citation omitted). This is not such a case.

Claim 41 recites the steps of "storing items having information in a source material library" and "retrieving the information in the items from the source material library." These phrases must be read in light of the specification, because the specification "is the single best guide to the meaning of a disputed term." 415 F.3d at 1315.

Here, the specification unambiguously states that "[t]he source material library . . . may include . . . books . . . and other physical objects." ('992 6:10-15). What is more, the specification makes clear that the items in the source material library may include items such as books, documents and film that contain information which is *not* in digital or analog format. Reading the claims in light of the specification, as one must, the "items containing information" in the source material library may include books and other physical objects containing information that is *not* necessarily analog or digital.[12]

The phrase "retrieving the information in the items from the source material library" in claim 41 in no way suggests that books are excluded – particularly in light of the specification's explicit statement that books are included. It cannot be denied that books contain information, and the claim recites the method step of retrieving that information.

The Court correctly stated that the specification "does not enable the retrieval of such items [as books and musical instruments], much less conversion of such information in the items into the required input format acceptable by the conversion means (figure 2a (113))." (Markman I p. 11.)

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[12] This is particularly true because the specification describes the "source material library," which may contain books and other physical objects, to be a "preferred embodiment" of the invention. (5:66 - 6:15.) "A claim construction that excludes a preferred embodiment . . . 'is rarely, if ever, correct.'" *Sandisk Corp. v. Memorex Products, Inc.*, 415 F.3d 1278, 1285 (Fed. Cir. 2005) (citation omitted).

However, the law does not permit construing a claim contrary to its plain and ordinary meaning – and contrary to the express teaching of the specification – in order to sustain the claim's validity. 415 F.3d at 1327. If the Court is able to construe the claim using the available claim construction tools, the correct path is to construe the claim without regard to patent validity and then address the invalidity issue directly.

In plain and ordinary English, a book is an "item having information." The specification explicitly states that the items having information that are stored in the "source material library" may include books. The meaning of the claim language is clear. Accordingly, it is improper to give the claims a narrow construction to sustain their validity.

D) Construction of "Source Material Library"

The term "source material library" does not have a plain meaning. The specification and the other intrinsic evidence, however, describe the functions that a source material library must be able to perform. For example:

- A source material library must be capable of storing different types of physical objects containing information, including but not limited to audio recordings, still pictures, files of documents, books, computer tapes, computer disks, documents of various sorts, musical instruments, and other physical objects. (6:10-15.)
- The source material library must be capable of electronically receiving requests from users which identify the physical objects stored in the source material library. These electronically-received requests initiate the automated process of retrieving the information from the physical objects identified in the user requests. [*See* Point I(A)(1)(b) of Round 3 Defendants' May Brief (Benyacar Aug. 11 Decl. Exh. B) and Tab 11 of Round 3 Defendants' Demonstrative Exhibits.]

The specification does not describe how the disclosed transmission system performs the automated retrieval of the information from the item after the user request is received by the source material library, nor does it disclose any structure capable of performing this function. The specification, however, does teach that a source material library is a jukebox-like device which, in response to the user request, automatically transfers the user-identified physical object to the identification encoder. The identification encoder then retrieves the information from the physical object. This construction is supported by both the specification and the prosecution history, as described below.

1. Support in the Specification for the Round 3 Defendants' Construction

The following disclosures in the specification teach that a "source material library" is a jukebox-like device which, in response to electronically-received user requests identifying physical objects stored in the source material library, transfers the physical objects to the identification encoder:

a) Figure 2a depicts only one arrow between the source material library 111 and the identification encoder 112. In contrast, there are two arrows depicted between the identification encoder and the converter 113 because the output from the identification encoder can be in either analog or digital form:

> The transmission system 100 of the present invention also preferably includes conversion means 113 for placing the items from source material library 111 into a predetermined format as formatted data. In the preferred embodiment, after identification encoding is performed by identification encoder 112, the retrieved information is placed into a predetermined format as formatted data by the converter 113. *The items stored in source material library 111 and encoded by identification encoder 112 may be in either analog or digital form. Converter 113 therefore includes analog input receiver 127 and digital input receiver 124.* (6:55-68.)

The single arrow from the source material library to the identification encoder is not labeled as analog or digital because it indicates the transfer of a physical object from the source material library to the identification encoder. The source material library can contain and process physical objects having information in analog, digital or other form such as printed or photographic information. (6:8-15.) If the output from the source material library was the information in the items (rather than the items themselves), analog, digital and other outputs would be required from the source material library to the identification encoder similar to the analog and digital outputs from the identification encoder to the converter.

Every component shown in Figure 2a has a separate output line corresponding to every different type of output from the component. The fact that there is only one line between the source material library and the identification encoder indicates that there is only one type of output from the source material library. This must necessarily be the physical items, as this is the only single consistent type of output which the source material library can provide.

b) After the source material library receives the user request identifying an item, the "retrieving" process performed by the source material library is described in the specification as "analogous to taking books off of a shelf at the local public library after the person has decided that he or she would like to read them." (18:53-59.) This suggests a jukebox-like system in which the source material library retrieves the physical object in response to the user request identifying the physical object.

c) According to the specification, there is a "telecine" device in the identification encoder 112:

> If, for example, the retrieved information to be converted from the source material library 111 is a motion picture film, the picture frames in the film are passed through a digital telecine device to the digital input receiver 124 [of converter 113]. (7:35-39.)

"Telecine is the process of taking the images recorded on film and recording each frame to either a video tape format, or a sequence of image files on a disk."[13] The fact that the telecine device is described as being between the source material library 111 and the converter 113 requires that it be located in the identification encoder 112, the only component between 111 and 113. And if the telecine device is in the identification encoder, then the motion picture film itself (like other physical objects in the source material library) must be placed in the identification encoder, so that the telecine can retrieve the contents of "the picture frames in the film" and pass that information as a digital signal to "digital input receiver 124" of converter 113.

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[13] http://www.telecineweb.net/

2. Support in the Prosecution History for the Round 3 Defendants' Construction

The prosecution history also supports the Round 3 defendants' construction of a source material library as a jukebox-like device which automatically transfers physical items containing information to an identification encoder in response to an electronically-received request which identifies the physical item. In the Petition to Make Special (Benyacar May 8 Decl. Exh. B), the applicants described the invention as follows:

> The entire system includes a transmission system and a reception system. The transmission system includes a source material library from which a user makes a selection. The selected program is processed and compressed for storage in a compressed data library. (pp. 2-3)

Yurt distinguished the *Lang* reference based on its alleged failure to disclose a source material library:

> Lang does not disclose a receiving system which is responsive to user requests for items from a source material library. While Lang mentions that video libraries are "envisioned," there is no disclosure of how material would be requested or retrieved from such libraries . . . Particularly, Lang does not teach that user requests will cause items stored in a source material library to be sent to be sent from a transmitter to a receiving system . . . (Id. p. 7.)

As the Court has previously observed, after the examiner nonetheless rejected the pending claims over *Lang*, the applicants repeated the argument that Lang does not have a source material library, contending that Lang only "envisioned" the use of a source material library because Lang did not know how to incorporate a source material library into his system:

> Lang "envisions" a library at some time in the future . . . Applicants submit that the incorporation of a library into the system in Lang is only envisioned because of a lack of knowledge of how to incorporate such a library. Applicants, however, have solved the problems left open in Lang. (10/1/91 Amendment, p. 19; Benyacar May 8 Decl. Exh. E)

What Yurt was telling the examiner, then, was that he had solved the problem of how to incorporate a jukebox-like device into a system which had components similar to those disclosed in Lang.

E) "Storing Items Having Information in a Source Material Library" Lacks Written Description[14]

1. The Written Description Requirement

The Patent Act states that "[t]he specification shall contain a written description of the invention . . . ." 35 U.S.C. § 112, ¶ 1. "The purpose of the written description requirement is to prevent an applicant from later asserting that he invented that which he did not . . . ." *Amgen Inc. v. Hoechst Marion Roussel Inc.*, 314 F.3d 1313, 1330 (Fed. Cir. 2003). The "requirement most often comes into play where claims not presented in the application when filed are presented thereafter." *Vas-Cath Inc. v. Mahurkar*, 935 F.2d 1555, 1560 (Fed. Cir. 1991). If the later-added claims were not adequately described in the original application, the claims are invalid for failure to satisfy the written description requirement. *Gentry Gallery, Inc. v. The Berkline Corp.*, 134 F.3d 1473, 1479-80 (Fed. Cir. 1998).

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14 The Round 3 defendants intend to make a number of § 112 and other invalidity motions during the time for filing such motions as directed by the Court. Nonetheless, we specifically raise certain select 35 U.S.C. § 112 problems associated with the phrase "items having information" in this memorandum because the Court previously stated that it construed this element in such a way as to comport with § 112.

To satisfy the written description requirement, the patent specification must "set forth enough detail to allow a person of ordinary skill in the art to understand what is claimed and to recognize that the inventor invented what is claimed." *University of Rochester v. G.D. Searle & Co., Inc.*, 358 F.3d 916, 928 (Fed. Cir. 2004). In other words, "one skilled in the art, reading the original disclosure, must 'immediately discern the limitation at issue' in the claims." *Purdue Pharma L.P. v. Faulding Inc.*, 230 F.3d 1320, 1323 (Fed. Cir. 2000) (*quoting Waldemar Link GmbH & Co. v. Osteonics Corp.*, 32 F.3d 556, 558 (Fed. Cir. 1994)). "'It is not a question whether one skilled in the art might be able to construct the patentee's device from the teachings of the disclosure of the application. Rather, it is a question whether the application necessarily discloses that particular device.'" *University of Rochester*, 358 F.3d at 923 (*quoting Jepson v. Coleman*, 314 F.2d 533, 536 (C.C.P.A. 1963)); *accord Lockwood v. American Airlines, Inc.*, 107 F.3d 1565, 1571-72 (Fed. Cir. 1997) (written description depends on what is disclosed, not on what is obvious from the disclosure).

Although compliance with the written description requirement is a question of fact, "a patent can be held invalid for failure to meet the written description requirement, based solely on the language of the patent specification. After all, it is in the patent specification where the written description requirement must be met." *University of Rochester*, 358 F.3d at 927.

2. The Specification of the '992 Patent Does Not Contain Any Written Description for the Method Step of "Storing Items Having Information in a Source Material Library"

Claim 41 explicitly requires the "transmission system" to perform the step of "storing items having information in a source material library." The specification of the '992 patent describes a "source material library," and it describes a process of *retrieving* information in the items from the source material library. Absent from the specification, however, is any disclosure of putting items having information *into* the source material library.

Adopting its plain and ordinary meaning, the Court construed claim 41 as requiring the affirmative act of "adding items having information to a collection of existing materials." (Markman I Order at 25.) That act – the act of "adding items having information" – is not described in the specification. No one could discern from reading the specification that part of the invention is the step of adding physical items having information to the source material library. It is simply not there.

Even if one could somehow read into the specification what is not there – the act of adding items having information to the source material library – there is no way one could read the specification as disclosing the performance of that step "by a transmission system" as required by claim 41. Since the specification says nothing about how the items having information got into the source material library, the recited "items" could have originated in the source material library, or could have been put into the library manually, by some other system, or in any other way. There is no disclosure of the "transmission system" having anything to do with adding the physical items having information to the source material library.

Thus, when the '992 patent applicants filed their original application, they did not describe, much less claim to have invented, a transmission system that adds items having information to a source material library. Later, in the course of prosecuting their application, they added claims to such a system.[15] This is the precise evil that the written description requirement is designed to prevent, *i.e.*, "to prevent an applicant from later asserting that he invented that which he did not." *Amgen,* 314 F.3d at 1330. Accordingly, claim 41 and its dependent claims 42-46 of the '992 patent are invalid for failing to satisfy the written description requirement of 35 U.S.C. § 112.

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[15] Claim 41 was added to the application in an October 1, 1991 Amendment (Benyacar May Decl. Ex. E).

F) Conclusion

"Items having information" and "items containing information" should be construed as "physical objects containing information."

A "source material library" is a device which is capable of storing, and processing, objects containing information. As the specification teaches, these objects include, but are not limited to, audio recordings, still pictures, files of documents, books, computer tapes, computer disks, documents of various sorts, musical instruments, and other physical objects. There is no basis for limiting "items having information" to items which contain information in physical or analog form.

A source material library must be capable of transferring the physical objects to an identification encoder in response to an electronically-received request which identifies the physical object containing information. Because there is no basis for limiting "items having information" to items which contain information in physical or analog form, a source material library must be capable of performing this function with any of the types of physical objects identified in the specification.

Acacia objects to the Round 3 defendants' construction because the specification states that a source material library *may* store and process audio recordings, still pictures, files of documents, books, computer tapes, computer disks, documents of various sorts, musical instruments and the like; it does not say that a source material library must always store and process all of these media types. (Acacia Br. p. 70.) The Round 3 defendants have modified their construction slightly in response to this objection. Acacia is correct that a source material library does not have to actually store and process all of the types of physical objects recited in the specification in order to be a source material library. However, a source material library must be *capable of* storing and processing all of these types of physical objects in order to be a source material library.

Finally, there is no written description for the method step of storing items containing information in a source material library.

SECTION III (JCC # 2)

"inputting an item having information into the transmission system"

('863 claims 14 and 17)

Round 3 Defendants' Proposed Construction

Placing a physical object containing audio/video information into the source material library of the transmission system.

"The transmission system" must be contained at one, and only one, location. The location of "the transmission system" is the "central processing location."[16]

Argument

A "transmission system" is the system depicted in Figure 2. (*See* Section I above.) The step of "inputting an item having information into the transmission system" must be performed by the transmission system. (Stipulation ¶ 5.)

To the extent that the step of "inputting an item having information into the transmission system" is enabled and supported in the specification,[17] it must be the source material library into which the item containing information is input. Although the specification fails to describe any way of inputting items having information into the transmission system, the source material library is the only component of a transmission system which even arguably has the ability to receive the input of an item having information for the transmission system, because all items containing information start in the source material library. Although the identification encoder also receives items containing information, the identification encoder always receives such items from the source material library, which means that the items having information are already in the transmission system. (*See, e.g.*, Fig. 2a at elements 111 and 112.) Thus, the "inputting" of items having information "into the transmission system" requires that the items be input into the source material library.

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[16] This construction regarding the location of the transmission system has been stipulated. Parties' Stipulated Definitions For Claim Terms From The '863 And '720 Patents (Benyacar Aug 11 Decl. Exh. C; hereinafter "Stipulation") ¶ 5.

[17] In fact, this step does not satisfy either the enablement or written description requirements. For example, it fails to satisfy the written description requirement for at least the reasons described in Section II (E) above with respect to the "storing items having information in a source material library" limitation. The Round 3 defendants will address this issue during the time for filing invalidity motions as directed by the Court.

Acacia argues that our construction is incorrect, because "the item could be input directly to an identification encoder [or other element which assigns a unique identification code] or to an input receiver of the converter [or to another element capable of formatting into a sequence of addressable data blocks.]" (Acacia Br. p. 15.) However, a transmission system (Figure 2) does not provide for inputting an item containing information from outside the transmission system into the identification encoder or the time encoder.

As described above, an "item having information" is a "physical item containing information." In addition, because the parties agree that the step of "inputting . . ." is part of the step of "transmitting . . . at least one item of audio/video information" (Stipulation ¶ 5), the "item containing information" is an "item containing audio/video information." For all of these reasons, then, "inputting an item having information into the transmission system" means "placing a physical object containing audio/video information into the source material library of the transmission system."

SECTION IV (JCC # 10)

"wherein the inputting step comprises inputting the item having information as blocks of digital data"

('863 claims 15 and 18)

Round 3 Defendants' Proposed Construction

The information stored in the item is already in the form of digital data blocks before the item having information is input into the transmission system. The transmission system itself does not form the data blocks.

Argument

Although the Round 3 defendants originally asserted that this claim term is indefinite, we now believe it can be construed. The claim term requires that the information stored in the item already be in the form of digital data blocks before the item having information is input into the transmission system. Thus, the phrase "as blocks of digital data" modifies the word "information," not the word "inputting." The consequence of this is that the transmission system itself does not form the data blocks.

SECTION V (JCC # 11)

"wherein the inputting step comprises inputting the item having information as an analog signal; and converting the analog signal to blocks of digital data"

('863 claims 16 and 19)

Round 3 Defendants' Proposed Construction

Indefinite.

Argument

Although we were able to formulate a construction for '863 claims 15 and 18, claims 16 and 19 are insolubly ambiguous. Claims 16 and 19 do not say, as Acacia suggests, that the information in the items which are input into the transmission system are in analog form, and that sometime later in the process the information is converted into digital form. (Acacia Br. pp. 39-40.) Instead, these claims require that the inputting step itself comprise both (i) "inputting the item having information as an analog signal"; and (ii) "converting the analog signal to blocks of digital data." As such, the claims are self-contradictory. If, when the item is input into the transmission system, the information stored in the item is in analog form, then the inputting step did not comprise "converting the analog signal to blocks of digital data." On the other hand, if the information stored in the item is in digital form when it is input into the transmission system, then the "inputting the item having information as an analog signal" step never took place.

Because claims 16 and 19 are self-contradictory, they are indefinite.

SECTION VI (JCC # 27)

"retrieving the information in the items from the source material library"

('992 claim 41)

Round 3 Defendants' Proposed Construction

An electronically transmitted request, which identifies the physical object containing information, is sent to the source material library. This request causes the source material library to automatically transfer the physical object to the identification encoder, which extracts the information from the physical object.

The identification encoder must ascertain, as part of the retrieval process, whether the information in the item is already in analog or digital format. If it is not, the identification encoder must convert the information into analog or digital format.[18]

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[18] The requirement that the identification encoder transform the information into analog or digital format was mistakenly included in the step of "assigning a unique identification code to the retrieved information" in the Joint Claim Chart.

Argument

A) Prior Proceedings

The Court previously issued the following ruling regarding the meaning of the term "retrieving the information in the items from the library means":

> The Court gives the term "retrieve" its ordinary meaning – "to get something back." In this case, the function of the identification encoding means is to get back the information that is contained in the items which are stored in the source material library. (Markman I p. 13.)

The Round 3 defendants agree with this construction, as far as it goes. However, because the Court did not specifically define what a "source material library" is, the Court's construction was silent as to the manner in which "information in the items" is retrieved. Consistent with the Round 3 defendants' construction of "source material library," we propose that the Court's construction of "retrieving the information in the items from the source material library" be augmented to include the manner in which the step is performed.

B) Retrieving Information from a Physical Object Stored in the Source Material Library Requires Both an Electronically Transmitted Request to the Source Material Library Identifying the Item and the Juke-box Like Transfer of the Physical Object by the Source Material Library

As described in Section II(D) above, a source material library is a device that, like a juke-box, transfers a physical object containing information to an identification encoder in response to an electronically-received request which identifies the physical object containing information. The information in the physical object is then retrieved by the identification encoder.

C) The Source Material Library Must Transfer the Physical Object to an Identification Encoder, Which Extracts the Information from the Physical Object

As the Court correctly observed in its construction, it is the identification encoder which gets back (extracts) the information stored on the physical items. The specification confirms that it is the identification encoder that does the retrieving. (2:30-31.) This is consistent with the Round 3 defendants' construction that the source material library transfers the physical object to the identification encoder. In order for the identification encoder to retrieve ("get back") the information from the objects, the objects must be transferred from the source material library to the identification encoder.

It must be an "identification encoder" to which the source material library transfers the physical object, because claim 41 requires that the "retrieving" step be performed by a transmission system, and the identification encoder is the only component of a transmission system which the specification describes as having the capability of extracting information from the physical objects stored in the source material library.

D) The Identification Encoder Must Ascertain Whether the Information in the Items Is in Analog or Digital Format and, If It Is Not, Convert It into Analog or Digital Format

As discussed in Section II(C)(2) above, the physical objects containing information are not limited to physical objects containing information that is already in analog or digital format. The identification encoder must therefore be able to extract information that is not in analog or digital form.

However, the output from the identification encoder is always in analog or digital form, and the converter 113 of the transmission system, to which the identification encoder sends the information, accepts only analog and digital information. (6:62-68.) Therefore, as part of the "retrieval" process, the identification encoder must ascertain whether the information extracted from the item is already in analog or digital form. If it is not, the identification encoder must convert it into analog or digital format.

Furthermore, the claims require determining whether information is in analog or digital form because, ultimately, the information must be in a compressed "sequence of addressable data blocks." In order to put the data in this form, it must first be converted into either analog or digital form.

E) The Specification of the ’992 Patent Does Not Enable “Retrieving the Information in the Items from the Source Material Library” When the Items in Question Are Books or Other Physical Objects Which Contain Information That Is Not Already in Analog or Digital Form

1. The Enablement Requirement

Separate and apart from the written description requirement, section 112 requires that the specification describe “the manner and process of making and using [the invention] in such full, clear, concise and exact terms as to enable any person skilled in the art to which it pertains, or with which it is most nearly connected, to make and use the same.” 35 U.S.C. § 112, ¶ 1. This requirement is called the “enablement requirement.” Enablement is a question of law, based on underlying facts. *National Recovery Technologies, Inc. v. Magnetic Separation Systems, Inc.*, 166 F.3d 1190, 1194 (Fed. Cir. 1999) (affirming summary judgment of invalidity for lack of enablement).

The enablement requirement “demands that the patent specification enable ‘those skilled in the art to make and use *the full scope* of the claimed invention without “undue experimentation.”’” *National Recovery Technologies,* 166 F.3d at 1195 (emphasis added; citations omitted). In other words, “there must be sufficient disclosure, either through illustrative examples or terminology, to teach those of ordinary skill how to make and how to use the invention *as broadly as it is claimed*.” *In re Vaeck*, 947 F.2d 488, 496 (Fed. Cir. 1991) (emphasis added; footnote omitted).

2. The Specification Does Not Enable “Retrieving the Information in the Items from the Source Material Library” When the Items in Question Are Books or Other Physical Objects Which Contain Information That Is Not Already in Analog or Digital Form

The Court concluded in Markman I that “[a]lthough the specification discloses musical instruments and books being stored in the source material library, it does not enable retrieval of such items, much less conversion of such information in the items into the required input format acceptable by the conversion means." (Markman I at 11.) There can be no doubt that the Court's conclusion was correct. If the "source material library," for example, consists of books, in order for the "transmission system" to perform the claimed step of "retrieving the information in the items from the source material library" some kind of robotic apparatus would be required to open the book, turn the pages in the book to the desired page, place the book on a scanning mechanism, and scan the page. All of this would have to be done automatically rather than manually because, as the Court held, the "performed by a transmission system" claim limitation requires that the steps of the claimed method be performed by "an assembly of elements, hardware and software" rather than by humans. (Markman I at 27-28.) Yet, as the Court observed in Markman I, there is no disclosure anywhere in the specification of any way to automatically "retriev[e] the information in the items from the source material library" when the "items" in question are books or other physical objects which contain information that is not in analog or digital form.

Since claims 41-46 of the '992 patent embrace the step – "performed by a transmission system" – of retrieving information in books and the like from the source material library, and since the specification does not enable such retrieval, the claims fail to enable "the full scope" of the claimed invention. *National Recovery Technologies*, 166 F.3d at 1195; *see also In re Vaeck*, 947 F.2d at 496 (requiring specification to enable the invention "as broadly as it is claimed"). Hence, claims 41-46 are invalid for lack of enablement.

The non-enablement of claims 41-46 is related to the Court's previous finding that "identification encoder" is indefinite. It is the identification encoder which extracts the information from the physical objects. There is no known device for automatically extracting information from books and the like, and "[t]he specification does not disclose a circuit, a computer operating a software algorithm, or other apparatus which performs the functions for an ‘identification encoder.’” [Markman II p. 17; (Benyacar Aug. 11 Decl. Exh D.)

SECTION VII (JCC # 28)

“assigning a unique identification code to the retrieved information”

(’992 claim 41)

Round 3 Defendants’ Proposed Construction

> Assigning a one-of-a-kind identifier to the information retrieved from an item that identifies the retrieved information through the conversion, ordering, compression, and storing process.
>
> This step must be performed by an identification encoder.

Argument

A) Prior Proceedings

The Court previously construed the term “assigning a unique identification code to the retrieved information” to mean “assigning a one-of-a-kind identifier to the information retrieved from an item that identifies the retrieved information through the conversion, ordering, compression, and storing process.” (Markman I p. 14.) Again, the Round 3 defendants agree, so far as the construction goes.

The Court’s construction should be supplemented to state that this step must be performed by an identification encoder.

B) The “Assigning” Must Be Performed by an Identification Encoder

As discussed in Section I, a “transmission system” is the system depicted in Figure 2 of the specification. The only component of this system which is described as being capable of assigning a unique identification code is the identification encoder. Therefore, the assigning of a unique identification code must be performed by the identification encoder.

SECTION VIII (JCC # 3)

"assigning a unique identification code to the item having information"

('863 claims 14 and 17)

Round 3 Defendants' Proposed Construction

> Assigning a one-of-a-kind identifier to the item having information that identifies the item having information.
>
> This step must be performed by the identification encoder of the transmission system. The identification encoder must also ascertain whether the information in the item is already in analog or digital format. If it is not, the identification encoder must convert the information into analog or digital format.

Argument

Although the Court previously construed the term "assigning a unique identification code to the *retrieved information*," it has never construed the term "assigning a unique identification code to the *item having information*." Consistent with the fact that the former term requires that the unique identification code be assigned "to the retrieved information," the Court construed it to mean "assigning a one-of-a-kind identifier to the information retrieved from an item . . ." (Markman I p. 14.) Because '863 claims 14 and 17 require that the unique identification code be assigned "to the item having information," however, the Court should construe this term to mean "assigning a one-of-a-kind identifier to the item having information that identifies the item having information." In other words, the code is assigned to the "item containing information," not to the information. Acacia's assertion that assigning a code "to the item" means the same thing as assigning a code "to the retrieved information" (Acacia Br. pp. 20-21) is simply an invitation to the Court to judicially rewrite '863 claims 14 and 17. The Court should decline this invitation.[19]

In addition, the step of "assigning a unique identification code" must be performed by a transmission system. (Stipulation ¶¶ 5 and 6.) The only component of a transmission system that has the capability of assigning a unique identification code is an identification encoder. Therefore, this step must be performed by an identification encoder.

Finally, the step of "assigning a unique identification code to the item having information" must include ascertaining whether the information in the item is already in analog or digital format and, if it is not, converting the information into analog or digital format. As explained in Section II(C)(2) above, because the physical objects containing information are not limited to physical objects containing information that is already in analog or digital format, and because the output from the identification encoder which retrieves the information from the physical objects must be in either analog or digital form, the identification encoder must convert the information into analog or digital format when it is not in one of these formats as stored on the physical object. In claims 14 and 17, this format conversion process must be performed as part of the "assigning" step, because (i) this is the only step of claims 14 and 17 which is performed by the identification encoder; (ii) the identification encoder is the only component of a transmission system which can perform this conversion process; and (iii) the conversion must be performed prior to the step of "formatting . . . as a sequence of addressable data blocks," since that step can only be performed on digital information (*See* Section IX below.)

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[19] Acacia asserts, without explanation, that our construction is "inconsistent" with the limitations in claims 14 and 17 that the unique identification code be stored "as a file" with the compressed, formatted, and sequenced data blocks." (Acacia Br. p. 21.) There is nothing inconsistent about this. Nothing would prevent storing the unique identification code assigned to the physical item with the compressed, formatted and sequenced data blocks. This enables one to know when obtaining the file which physical object the information came from. Furthermore, Acacia is wrong about claim 17. It does not require storing anything as "a file."

SECTION IX (JCC # 29)

"placing the formatted data into a sequence of addressable data blocks"
(and the related term "ordered data blocks")

('992 claims 19 and 41; '863 claims 14 and 17; '275 claims 2 and 5)

Round 3 Defendants' Proposed Construction

> "Addressable" means that the storage location for each data block is known so that the transmission system can retrieve any individual data block by using its storage location.
>
> A "data block" is a unit of information consisting of identification codes, data and error-checking codes.
>
> A "sequence" is an order.
>
> A "sequence of addressable data blocks" means an order of units of information (consisting of identification codes, data and error-checking codes) for which the storage location of each unit of information is known so that the transmission system can retrieve any individual unit of information by using its storage location.
>
> "Ordered data blocks" means a "sequence of data blocks" which are not necessarily addressable.

Argument

A) Prior Proceedings

The Court has never construed "sequence of addressable data blocks." In Markman I, the Court held that a construction of the term was not necessary in view of the Court's construction of the term "ordering means" as used in claim 1 of the '992 patent. (Markman I p. 23.)

In construing the “ordering means” term of ’992 claim 1, the Court noted that the associated function of this means-plus-function element is “placing items into a sequence of addressable data blocks.” (*Id*. at 22.) Citing the portion of the ’992 specification which states that the “ordering means” is the component of the Figure 2a transmission system that places information into a “sequence of addressable data blocks,” the Court concluded that the “corresponding structure of the ordering means is the ‘time encoder (Figure 2a (114)).’”

Irrespective of whether or not the Court was correct in construing “ordering means” to be directed to the “time encoder” (an issue which is now moot because Acacia no longer asserts any claims which contain the term “ordering means”), the Court was correct that its construction of “ordering means” obviated the need to construe “sequence of addressable data blocks,” at least with respect to ’992 claim 1. Claim 1 is an apparatus claim, and whatever a “sequence of addressable data blocks” means, the specification says it is the ordering means which performs that function. Thus, there was no reason at the time for the Court to analyze the issue further.

Acacia asserts that because the Court construed “ordering means” to refer to the “time encoder,” that it must also have construed “placing the formatted data into a sequence of addressable data blocks” to mean “time encoding.” (Acacia Br. p. 76.) This does not follow from anything the Court has previously said, or from the fact, relied on by Acacia, that the specification says that the “time encoder” creates a “sequence of addressable data blocks.” As explained below, the information has already been placed into data blocks and sequenced – which need not be time-related – *before* it reaches the time encoder. Moreover, the starting address in the compressed data library where the information will be stored is known before the information reaches the time encoder. The time encoder makes those data blocks “addressable” by assigning “time codes,” which provide offsets from the starting address so that every data block can be individually addressed. In other words, the information was somehow (the specification does not say how) already placed into a sequence of data blocks before time encoding, and the time encoder places it into a sequence of *addressable* data blocks.

B) “Addressable” Data Means the Location Where the Data Is or Will Be Stored in a Memory Device Is Known

The “address” of data in a computerized system refers to a physical address in a storage device. General and special purpose dictionaries are consistent in this regard:

> 7: a location (as in the memory of a computer) where particular information is stored. Webster’s Third New International Dictionary, pp. 24-25 (2002)
>
> **address** *As a noun*, the value that represents an individually accessible storage location. In a typical computer, each memory location has a separate address. The addresses for the memory system are numbered 0, 1, 2, and so on, up to the maximum possible number of locations supported . . .
>
> *As a verb*, to reference a storage location. Computer Dictionary, 2d Ed., p. 12, Microsoft Press (1994) (Benyacar Aug. 8 Decl. Exh. E) hereinafter “Microsoft Dictionary.”

The specification teaches that this is exactly what is meant by “address” in the context of “sequence of addressable data blocks.” According to the specification, the data blocks become addressable as follows: 1) the identification encoder assigns a file address to the information, which is the starting location in the compressed data library where the information will be stored; and 2) the time encoder assigns time codes to each frame of the information, which makes all of the data blocks (each of which is made up of a number of frames) “addressable.” The time encoder makes any frame (and therefore any data block) addressable because it can be used as an offset from the starting address of the file which was assigned by the identification encoder. This process is explained in detail below.[20]

Even though processing of the information by the identification encoder occurs long prior to storage of the information in the compressed data library, the specification is clear that it is the identification encoder that assigns the address where the information will be stored in the compressed data library:

> In a preferred embodiment of the present invention, the method of encoding the information [by identification encoder 112] involves *assigning* a unique identification code and *a file address to the item* . . . (6:48-51.)
>
> The unique address code is an address assigned to the item by the system operator during storage encoding [by identification encoder 112], which is preferably done prior to long term storage in the compressed data library 118 . . . The unique address code makes access to the requested data possible. (10:58-65.)

The fact that the identification encoder assigns the storage address in the compressed data library is one of the reasons the specification describes the identification encoder as performing "storage encoding." (6:39-40; 8:42-45; 10:58-59; 10:66-67; 11:5-21.)

As is known to those of ordinary skill in the art, a "file address" (which in the transmission system is assigned by the identification encoder) is the starting address in memory where the information will be stored. This, too, is confirmed by the specification:

> User and system addressing requirements dictate the level of granularity available to any particular section of the system . . .. Internal to the system, **the song is associated with a starting frame number, which was indexed by the system**

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[20] Although the patent discloses that time encoding, combined with knowledge of where the file will be stored (storage encoding), makes a sequence of data blocks "addressable," this does not mean that "time encoding" is the only way to achieve addressability. There are other methods for achieving addressability that are unrelated to time. In fact, many forms of information from items containing information in the source material library, such as books, documents and photographs, are incompatible with time encoding.

> **operator via the storage encoding process** . . . Time encoding by time encoder 114 makes items (sic) and subsets of items retrievable (sic) and addressable throughout the transmission system 100. (8:32-56.)

After identification/storage encoding (and after processing by conversion means 113), the sequence of data blocks is "time encoded." Time encoding "is achieved by assigning relative time markers to the audio and video data as it passes from the converter 113 through the time encoder 114 to the precompression processor 115." (8:16-19.) Although the specification teaches that time encoding makes the sequence of data blocks "addressable," the specification is equally clear that time encoding only achieves this result because the starting address where the file will be stored has already been assigned by the identification/storage encoder. That is, the two must be used together:

> Through the use of the address of an item and its frame number it is possible to address any particular block of audio or video data desired. (8:24-26.)

> Stored items are preferably accessed in compressed data library 118 through a unique address code. The unique address code is a file address for uniquely identifying the compressed data items stored in the compressed data library section of a library system. **This file address, combined with the frame number,** and the library system address[21] **allow for complete addressability of all items stored in one or more compressed data libraries 118**. [10:46-57]

The time codes are referred to as "frame numbers" in these quotes because time encoding, in effect, assigns each frame with a frame number so that each frame can be individually accessed. Acacia's expert Dr. Alexander previously testified to this:

> "Each frame of video is associated with a unique time code identifier that has time resolution down to seconds and a frame count within a second. This frame level resolution allows copying and editing of individual video frames within a video sequence." [Alexander Decl. Paragraph 34; (Benyacar Aug. 11 Decl. Exh. F.)]

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[21] The "library system address" is necessary to distinguish one compressed data library from another.

Thus, assuming fixed frame sizes, a simple mathematical calculation with the frame number and the file address provides the unique address of every frame. This is called a "relative address" in the art:

> **relative address** Also called an indirect address. A location, as in a computer's memory, that is calculated in terms of its distance (displacement) from a starting point (base address). A relative address is typically computed by adding an offset to the base - in everyday terms, this is similar to creating the address 2001 Main Street, in which the base is the 2000 block of Main Street and the offset is 1, which specifies the first house from the beginning of the block. (Microsoft Dictionary, p. 336.)

Because the time codes provide relative addresses, the patent refers to these time codes as "relative time markers" (8:17.)

In sum, "time encoding" relates only to the addressing portion of "sequence of addressable data blocks." It makes all of the data blocks, which were already placed into a sequence before time encoding, "addressable." That is the reason the patent describes "time encoding" as an "addressing scheme" (8:1-2) and explains that time encoding "makes items and subsets of items . . . addressable." (8:50-53.) This is also confirmed by Acacia's expert Dr. Alexander, who testified that the reason why "time encoding" was developed in the prior art was to allow for "random access" (rather than sequential access) of video frames:

> This cited article was published in 1989, and is indicative of the trend at that time towards the encoding of individual video frames for the purpose of random access rather than the simple sequential ordered playback of frames. The patent term "sequence encoding" in the context of video production and transmission describes the assignment of a time code to each frame in a video sequence of frames to achieve addressability. Thus, frame encoding was known to persons skilled in the art before January 1991 to involve the assignment or encoding of a sequence position identifier. [Alexander Decl. paragraph 33 (Benyacar Aug. 11 Decl. Exh. F)]

"Random access" requires that the address of the information to be randomly accessed be known:

> **random access** Also called direct access. The ability if a computer to find and go directly to a particular storage location without having to search sequentially from the beginning location. (Microsoft Dictionary p. 330)

C) A "Data Block" Is a Unit of Information Consisting of Identification Codes, Data and Error-checking Codes

The specification never describes what a "data block" is, or at what stage in the transmission system of Figure 2 "data blocks" are created. The patent is clear, however, that the term "data block" is being used in the context data communications. That is, information is transmitted in the form of data blocks:

> Once connected to the reception system 200, in steps 5020 and 5030, the data stored in compressed data library 118 *is preferably transferred in data blocks from the compressed data library 118 to the communications controller (step 5040).* The data blocks are buffered by the communications controller. The buffered data is sent down the communications channel to the reception system 200 by transmitter 122 (step 5050). (16:45-52.)
>
> The transceiver 201 automatically receives the information from the transmitter 122 as compressed formatted data blocks. (18:6-8.)
>
> FIGS. 8a-8e are block diagrams of preferred implementations of data structures and data blocking . . . (19:37-38.)
>
> FIG. 8e shows methods of distribution to reception systems 200 with . . . both addressed and non-addressed blocks of items. (19:57-60.)
>
> As shown in FIG. 8e, the same block, for example, block 1, may be simultaneously transmitted over different distribution channels. The blocks when transmitted over one of the distribution channels may have receiver addresses appended to the blocks or the reception system 200 may have been preconfigured to receive the blocks comprising data frames for particular items from the active distribution channel. (19:66 - 20:5.)
>
> Figure 8e depicts the data blocks in transmission on distribution channels.

In this context, the context of data communications, the term "block" has a well understood meaning in the art:

> In communications, a block is a unit of transmitted information consisting of identification codes, data and error-checking codes. (Microsoft Dictionary, p. 48)
>
> In data communications, a group of bits transmitted as a unit and treated as a unit of information. Usually consists of its own starting and ending control delimiters, a

> header,[22] the text to be transmitted and check characters at the end used for error correction. Sometimes called a Packet.[23] [Newton's Telecom Dictionary, 6th Ed., p. 135, Telecom Library, Inc. (1993) (Benyacar Aug. 11 Decl. Exh. G)]

The data blocks referenced in the specification are expressly described as having all of these components:

> **a.** The "data blocks" described in the patent contain data, which is the information being transmitted. In fact, the specification says that a data block can contain any amount of data: "A block of an item may be an entire item or, alternatively, may be only a portion of an item . . ." (19:60-65.)
>
> **b.** The data blocks described in the patent have error detection codes: ". . . some further redundancy is included by transmission formatter 122 with the data blocks for error correction processing to be performed in the reception system 200." (17:16-18.)
>
> **c.** The specification describes a number of different types of identifiers that the data blocks can contain: identifiers which identify the block itself (e.g. "block 1," "block 2" etc. as shown in Fig. 8e), an identifier of the destination address of the block and/or an identifier of the physical object from which the information in the block was obtained. (19:66-20:5.)

"Data block" should therefore be construed pursuant to both its plain meaning and its use in the specification, which in this case are consistent: "a unit of information consisting of identification codes, data and error-checking codes."

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[22] The "header" contains the identification codes referred to in the Microsoft dictionary: **"Header** The portion of a message that contains information that will guide the message to the correct destination. This information contains such things as the sender's and receiver's addresses, precedence level, routing instructions, and synchronization pulses." Newton's Telecom Dictionary, p. 478

[23] The specification similarly equates "blocks" and "packets": "Blocking the audio data into frames at audio precompression processor 115a makes it possible to work with the audio data as addressable packets of information." (9:37-40.)

D) "Sequence" Means an Order

The Merriam-Webster dictionary has a definition of "sequence" that is on all fours with the use of the term in the specification: "**d :** a set of elements ordered so that they can be labeled with the positive integers." Webster's Third New International Dictionary, p. 2071 (2002). As the specification clearly states, the information is sequenced prior to time encoding, and the time encoder applies time codes to the data in the sequence in which it passes through the time encoder:

> The converted formatted information of the requested material is then preferably in the form of a series of digital data bytes which represent frames of video data and samples of the audio data. A preferred relationship of the audio and video bytes to each other is shown in FIG. 8. Incoming signals are input and converted in sequence, starting with the first and ending with the last frame of the video data, and starting with the first and ending with the last sample of the audio data. Time encoding by time encoder 114 is achieved by assigning relative time markers to the audio and video data as it passes from the converter 113 through the time encoder 114 to the precompression processor 115. (8:7-19.)

The sequence is maintained after time encoding - the information is sent to the precompression processor in the same sequence:

> Compression by compressor 116 may be performed on a group of 24 video frames may preferably be passed *in sequence* to the frame buffer 130 of the video precompression processor 115b where they are analyzed by video compressor 129 which performs data reduction processing on the video data. (9:66-10:3.)

One of the reasons for time encoding is that the compressor 116 might change the order. The time codes allow the compressed data formatting section to restore the order before the compressed information is stored:

> Time encoding allows realignment of the audio and video information in the compressed data formatting section 117 after separate audio and video compression processing by precompression processor 115 and compressor 116. (8:2-6.)

Realignment of audio and video data [is] made possible through time encoding. (8:20-23.)[24]

E) The Claim Language and Prosecution History Belie Acacia's Contention That a "Sequence of Addressable Data Blocks" Means "Time Encoded Video Frames"

Acacia argues that "sequence of addressable data blocks" means "time encoded data blocks, (Acacia Br. p. 76), and that "data blocks" are "frames of video data and sample of audio data." (Acacia Br. p. 78.) Thus, according to Acacia, a "sequence of addressable data blocks" is simply time encoded video frames. This cannot be the case, because many of the claims cover processing of items containing information whereby the information cannot be time encoded because the time dimension does not apply. Books, documents, and photographs, unlike audio tracks and video images, cannot be time encoded.

In addition, "sequence of addressable data blocks" cannot mean "time encoded video frames," because at least claim 17 of the '863 patent was allowed specifically because it contained the "sequence of addressable data blocks" limitation. Because – according to Acacia itself – "time encoded video frames" are old, and were in "widespread use" as of the filing date, a limitation to "time encoded video frames" would not have provided a patentable distinction over the prior art.

Acacia has previously provided the Court with a significant amount of evidence that placing time codes on videotapes, feature films, audio recordings and the like "has been in use for nearly 30 years and serves the needs of the film, television, audio, and similar industry segments. It was in widespread use in 1991 and would have been well known to one of ordinary skill in the art at that time." [Declaration of S. Merrill Weiss, ¶ 83 (Benyacar Aug. 11 Decl. Exh H)] Thus, one would have understood in 1991, when the earliest of the Yurt applications was filed, that the videotapes, movie reels and other physical objects in the source material library would contain video content that already had time codes on the video frames.

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[24] Figure 8d shows the sequence of audio, video and data which must be maintained through the compression process.

’863 claim 17 was formed as a combination of two different claims that were added to the application by Amendment dated May 12, 1994. (Benyacar Aug. 11 Decl. Exh. I.) These two claims were independent claim 46 and dependent claim 47, which were renumbered by the examiner as claims 58 and 59 respectively. Application claim 58 contained all of the limitations of ’863 claim 17 up through and including the limitation of “using the stored compressed, digitized data to transmit a representation of the at least one item to at a plurality of subscriber receiving stations coupled to the location distribution system.” Application claim 59, depending from claim 58, added the limitation “wherein the formatting step comprises” and the steps which follow it in ’863 claim 17.

The examiner rejected application claim 58 in a December 30, 1994 Office Action as anticipated by a prior art patent to Ballantyne. (Benyacar Aug. 11 Decl. Exh. J, pp. 4-5.)[25] Dependent claim 59, however, was held to be allowable if rewritten in independent form (*i.e.*, if claims 58 and 59 were combined into a single claim, that claim would distinguish over Ballantyne). (Benyacar Aug. 11 Decl. Exh. J, pp. 5-6.) This means one of the limitations of application claim 59 (one of the limitations following the “wherein the formatting step comprises” clause in ’863 claim 17) provided the basis for patentability of ’863 claim 17.

The application claim 59 step of “inputting an item having information into the transmission system” could not have provided the basis for patentability, because application claim 51 was also rejected as anticipated over Ballantyne (Benyacar Aug. 11 Decl. Exh. J, pp. 4-5), and claim 51

[25] The applicants were never able to overcome this rejection, which is the reason application claims 58 and 59 were ultimately combined to form ’863 claim 17.

contained a limitation of "means for inputting items of audio/video information." (Benyacar Aug. 11 Decl. Exh. I, p. 8.) Neither could the examiner have been relying on the application claim 59 step of "compressing" as distinguishing over Ballantyne, since the examiner expressly held that Ballantyne teaches compressing (Benyacar Aug. 11 Decl. Exh. J, p. 5.) Thus, the only limitation the examiner could have relied on to distinguish application claim 59 (and '863 claim 17) over Ballantyne was the "sequence of addressable data blocks" limitation. This is consistent with the fact that *the examiner found every pending claim that had a "sequence of addressable data blocks" limitation to be patentable over the prior art.*

If a "sequence of addressable data blocks" was merely the old and widely used "time encoding," it could not have formed the basis for distinguishing over Ballantyne. Since time encoded video frames were so old and widely used, everyone would understand the video content distributed by Ballantyne would contain such time encoded video frames.

As explained above, "sequence of addressable data blocks" means much more than "time encoded video frames." That is the reason the examiner relied on this limitation to distinguish '863 claim 17 over the prior art.

F) "Ordered Data Blocks" Means "Sequence of Data Blocks"

'992 claim 19 and '275 claims 2 and 5 call for placing information into "ordered data blocks" rather than a "sequence of addressable data blocks." The term "ordered data blocks" is not used in the specification. It would appear, however, that "ordered data blocks" simply means a "sequence of data blocks" which are not necessarily addressable.[26]

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[26] There is no support in the specification for placing information into either "ordered data blocks" or sequenced data blocks. As described above, the only disclosure in the specification relates to making data blocks that are already sequenced "addressable" by time encoding them. Therefore, '992 claim 19 and

G) Acacia's Objections to the Round 3 Defendants' Construction of "Sequence of Addressable Data Blocks" Are Ill-founded

Acacia objects to the Round 3 defendants' construction of "sequence of addressable data blocks" on a number of grounds which, for the most part, seem to evidence a misunderstanding of our position. For example, Acacia is wrong when it asserts that our construction "exclude[s] time encoding as the addressing scheme," that it "eliminate[s] the benefits provided by having time encoding as the addressing scheme," that it inconsistent with the disclosure that the time encoder forms a sequence of addressable data blocks, and that it is inconsistent with our construction of "transmission system" (Acacia Br. pp. 77 and 79). We agree that time encoding is a relative addressing scheme. For this reason, we also agree with Acacia that "time encoding makes subsets of items addressable" (Acacia Br. p. 78) if the starting location where the data will be stored is known as provided for in the storage encoding process performed by the identification encoder.

For the reasons discussed in Section IX (C) above, Acacia is also incorrect when it states that our construction is inconsistent with the use of "data blocks" in the specification. (Acacia Br. pp. 78-79.) Our construction is consistent with both the specification and the plain meaning of "data block." While Acacia is correct that "data blocks" *can be* "frames of video data and samples of audio data" (*Id*.), it is *not* correct that one data block is necessarily a single frame of video data or a single sample of audio data. A data block can be any amount of information: "A block of an item may be an entire item or, alternatively, may be only a portion of an item . . ." (19:60-61.) In other words, any portion of the item, or the entire item, can be a single block, packaged for transmission as a single unit accompanied by identification codes and error-checking codes.

'275 claims 2 and 5 are invalid under 35 U.S.C. § 112 for lack of written description. As with all of the other reasons why the claims are invalid, the Round 3 defendants will address this issue at a time as directed by the Court.

SECTION X (JCC # 4)

"formatting the item having information as a sequence of addressable data blocks"

('863 claims 14 and 17)

Round 3 Defendants' Proposed Construction

> "Formatting the item having information as a sequence of addressable data blocks" means "operating on the physical object itself to create a sequence of addressable data blocks."

Argument

Consistent with the construction of "item having information" as a physical object having information, the limitation in '863 claims 14 and 17 to "formatting the item having information as a sequence of addressable data blocks" means that the physical object itself (*i.e.*, the item which contains the information) is operated on to create the sequence of addressable data blocks.

This does not mean, as Acacia suggests, that the physical object itself is converted into a sequence of addressable data blocks. (Acacia Br. p. 24.) What it does mean is that the physical object is operated on in order to convert the information stored on the physical object into a sequence of addressable data blocks. Consequently, before the step of "formatting . . .," there is information in the physical object which is not in a sequence of addressable data blocks. After the step of "formatting . . .," the information stored on the physical object is in a sequence of addressable data blocks.

SECTION XI (JCC # 30)

"storing, as a file, the compressed, formatted, and sequenced data with the assigned unique identification code"

('992 claim 41; '863 claim 14)

Round 3 Defendants' Proposed Construction

Storing, in a single file, both (1) the compressed, formatted, and sequenced data; and (2) the unique identification code assigned to (1).

Argument

A) Prior Proceedings

The Court previously construed the term "storing, as a file, the compressed, formatted, and sequenced data with the assigned unique identification code" to mean "storing, as a file, the compressed, formatted, and sequenced data blocks accompanied by its unique identification code." (Markman I p. 26.) In its analysis, the Court noted that the dispute between the parties related to the meaning of the word "with." The Court explained that it "construes the term 'with' to mean 'accompanying or in the presence of' such that sequenced data blocks are accompanied by a corresponding unique identification code when stored." (*Id.*)

In view of the plain meaning of the term "storing, as **a** file . . .," the Court's construction, and the Court's explanation that "sequenced data blocks are accompanied by a corresponding unique identification code when stored," the Round 3 defendants believe the Court has already determined that the "compressed, formatted, and sequenced data" and the "unique identification code" must be stored in the same, single file. Acacia's objection to the Round 3 defendants' construction demonstrates that clarification of the Court's prior construction is warranted because, notwithstanding that construction, Acacia is still attempting to read this limitation out of the claims.

B) The Round 3 Defendants' Construction Should Be Adopted

The specification repeatedly and exclusively discloses that the compressed, sequenced data and the unique identification code are stored as "**a** file":

> compressed data storing means . . . for *storing as a file the compressed sequenced data received from the compression means with the unique identification code* assigned by the identification encoding means: (2:40-44.)

> the transmission system 100 may further comprise compressed data storing means, coupled to the compression means, for *storing as a file the compressed sequenced data with the unique identification code* received from the data compression means. (10:17-21.)

> Processing step 413 also includes compressing the formatted and sequenced data performed by data compressor 116 (step 413d), and *storing as a file the compressed sequenced data received from the data compression means with the unique identification* assigned by the identification encoding means (step 413e). (19:5-10.)

As an indisputable matter of plain English, "a file" means "one file." "A" is an indefinite article in this context, which is "used as a function word before a *singular noun*." Webster's Third New International Dictionary, p. 1 (2002). Thus, the only embodiments disclosed require that the compressed, sequenced data and the unique identification code be stored as one, single file. When Acacia says "[t]he specification states that the file includes certain items, but specifically excludes the unique identification code from the file" (Acacia Br. p. 80), it is plainly mistaken.

Acacia's reliance on the disclosure that the unique identification code can be used to access information is unavailing, because it is irrelevant. There is nothing inconsistent about storing in the same file the information and an identification code which is used to access that information.

This limitation appears in claim 41 of the '992 patent and claim 14 of the '863 patent. Acacia's attempt to read this limitation out of these claims should be rejected. Consistent with the plain meaning of the term and the specification, "storing, as a file, the compressed, formatted, and sequenced data with the assigned unique identification code" should be construed to mean the "compressed, formatted, and sequenced data" and the "unique identification code" are stored together as a single file.

SECTION XII (JCC # 1)

"transmitting compressed, digitized data representing a complete copy of at least one item of audio/video information at a non-real time rate from a central processing location"

('863 claim 14)

Round 3 Defendants' Proposed Construction

> "Central Processing Location" means: The single (one and only one) location of the transmission system, at which all of the processing of audio/video information by the transmission system is exclusively performed and from which a plurality of "local distribution systems" directly and exclusively receive processed audio/video information.
>
> The step of "transmitting compressed, digitized data representing a complete copy of at least one item of audio/video information at a non-real time rate" to at least one "local distribution system" must be exclusively performed at this single central processing location, as must the following steps:
>
> "inputting an item having information into the transmission system;"
>
> "assigning a unique identification code to the item having information;"
>
> "formatting the item having information as a sequence of addressable data blocks;"
>
> "compressing the formatted and sequenced data blocks;"
>
> "storing, as a file, the compressed, formatted, and sequenced data blocks with the assigned unique identification code;" and
>
> "sending at least a portion of the file at the non-real time rate to the local distribution system."

In addition:

> "a complete copy of at least one item of audio/video information" means a copy of all of the audio/video information that is contained on one physical item.
>
> "compressed, digitized data" means the compressed and sequenced addressable data blocks.

Argument

A) "Central Processing Location"

The parties agree that all of the steps which follow the '863 claim 14 phrase "wherein the transmitting step comprises" are performed as part of the claim 14 step of "transmitting compressed, digitized data . . ." (All of these steps are collectively referred to as "The Transmitting Steps" in this

Section.) The parties also agree that The Transmitting Steps must be performed at the "central processing location." (Stipulation ¶ 5.)[27] The parties disagree, however, about what a "central processing location" is.

As Acacia correctly points out, "central processing location" is not a term which is used in the specification. (Acacia Br. p. 7.) To resolve what a "central processing location" is, then, Acacia turns to Webster's dictionary, and relies on one of the definitions of "central," to wit "belonging to the center as the most important part: basic, essential, principal, dominant . . ." From this, Acacia concludes that a "central processing location" is a "principal" processing location.

However, Acacia has selected the wrong definition. As discussed further below, Acacia selected a definition that is inconsistent with the specification and that runs afoul of the definiteness and written description requirements of 35 U.S.C. § 112.

From a time well before the Yurt patents were filed up through today, "central processing" has had a well-understood plain meaning of processing at one and only one location:

> **centralized processing** The location of computer processing facilities and operations in a single (centralized) place. *Compare* decentralized processing, distributed processing. (Microsoft Dictionary, p. 69.)

"Central processing" is specifically contrasted with "decentralized processing"and "distributed processing," whereby processing can occur at more than one location:

> **decentralized processing** The distribution of computer-processing facilities and operations in more than one location. Decentralized processing, although it shares out portions of the overall workload among several stations, is one of the primary differences between the mainframe and the microcomputer approaches to data management. Decentralized processing is not the same as distributed processing, which seeks to apply two or more computers to the same task in such a way that they can work cooperatively and more efficiently. (Microsoft Dictionary, p.113.)

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[27] The parties further agree that The Transmitting Steps must be performed by the transmission system, which is located at the central processing location. (*Id.*)

Of course, "central processing" doesn't mean there is only one location on earth at which The Transmitting Steps occur. "Central processing" suggests the existence of a hub-and-spoke architecture, in which the central processing location exclusively serves two or more remote units. *See* Spohn, Darren C., Data Network Design, pp. 34-35 and Fig 2.1, McGraw Hill, Inc. (1993) (Benyacar Aug. 11 Decl. Exh. K) and Reibman, Andrew, *Reliability Analysis of a Computer System*, IEEE (1990) (Benyacar Aug. 11 Decl. Exh. L). Because a central processing architecture has only one location which does the processing for all of the remote units, "[a] failure of the central processor results in a complete loss of system function." *Id*., p. 67

Thus, while a "central processing location" need not be the only location at which processing occurs, it must be the only location which performs processing for the particular remote units to which it sends information. In claim 14, the "remote units" served by the central processing location are "local distribution systems."[28] This is the reason our construction requires that a central processing location exclusively perform The Transmitting Steps for a plurality of local distribution systems.

Moreover, the claim element of claim 14 requiring "sending" information "to the local distribution system" requires that the information be sent *directly*. Otherwise, the claim limitation would effectively have no meaning.

The Round 3 defendants' construction is consistent with the specification, which depicts several hub-and-spoke architectures in which the transmission system is the central processing location and "reception systems" are the remote units (the embodiments relied on by Acacia as support for "local distribution system" are denominated "reception systems" in the specification – Acacia Br. p. 26). Figures 1b and 1c are two examples.[29] As is clear from those figures, the transmission system sends information directly to the reception system. In addition, the description of these figures confirms what can be plainly seen from the figures themselves: a plurality of reception systems are associated with one, and only one, transmission system:

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[28] While the claim only requires that the central processing location send information to one location distribution system, inherent in "central processing location" itself is the requirement that it serve two or more remote locations in a hub-and-spoke fashion.

> As shown in FIG. 1b, the transmission and receiving system of the present invention may alternatively comprise a plurality of reception systems 200, 200', 200", and 200'", which are each associated with *a single transmission system* 100. (3:61-68.)
>
> The remote order processing and item database 300 may communicate with a plurality of transmission systems 100, 100', 100", and 100'", *each of which communicates with a respective set of reception systems 200, 200', 200", and 200'"*. Each of the reception systems in sets 200, 200', 200", and 200'" may preferably communicate with a plurality of users. (4:1-13.)

In contrast, there is no disclosure of a reception system which communicates with more than one transmission system, and there is no disclosure of a reception system which does not receive information directly from a transmission system.

In *British Telecomms. PLC v. Prodigy Communs. Corp.*, 189 F. Supp.2d 101 (S.D.N.Y. 2002), the court addressed a very similar issue. One of the apparatus claims called for a "central computer" and "plural remote terminal means" each having means for communicating with the central computer. The Court rejected BT's argument that "central computer" simply meant "a computer system that stores and transmits blocks of information," because it ignored the requirement that the computer be "central," meaning the hub of a hub-and-spoke architecture:

> The word "central" modifies "computer" to describe the relationship between the device where the "blocks of information" are stored, and the "remote terminals" from which an operator may access the information. The term "central" therefore suggests

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[29] In Figure 1c, the plurality of remote units (reception systems) served by the same central processing location (transmission system) are surrounded by a dashed line.

> that the computer is the hub of a "digital information storage, retrieval and display system." This hub is in one central location, connected with many remote terminals.
>
> BT's proposed definition (a computer system that stores and transmits blocks of information) ignores the juxtaposition emphasized by the description of a "central computer" connected via the telephone clines of a telephone network to "remote terminals." (emphasis added). As Prodigy points out, "all the limitations of a claim must be considered meaningful," Unique Concepts, Inc. v. Brown, 939 F.2d 1558, 1562 (Fed. Cir. 1991), and no claim language may be interpreted as mere surplusage. Texas Instruments, Inc. v. United States Int'l Trade Comm'n, 988 F.2d 1165, 1171 (Fed. Cir. 1993). BT's definition does not make it clear that the computer means is a "central one," and thus is incomplete. BT responds that the term "central" is conveyed by the claim language that says that the remote terminals are connected "via the telephone lines of a telephone network." While the remote terminals are indeed connected to the central computer means via the telephone lines, this does not give meaning to the term "central" in the phrase "central computer means." Prodigy's definition, which clarifies that the central computer is in one location, does. *Id*. at 112-113

Prodigy was an Internet service. After the court issued its Markman ruling, Prodigy moved for summary judgement, because while the Internet is made up of many computers, it does not have a "central computer." BT opposed, arguing that "each individual web server is a central computer in one location (*i.e.* central relative to the remote terminals within the meaning of the patent.)" *British Telecomms. PLC v. Prodigy Communs. Corp.*, 217 F. Supp.2d 399, 410 (S.D.N.Y. 2002). The Court rejected BT's argument, and granted Prodigy summary judgment of non-infringement, because "central" means one *and only one*:

> Just as a circle has but one center, hub-and-spoke networks have only a single hub. There may be other circles with other centers, just as there may be other hub-and-spoke networks with other central computers or hubs. But each system (network) of the type claimed in the [asserted] patent can have only one central computer. Therefore, viewing the Internet as a system (as BT asks me to do), it does not literally infringe the [asserted patent], because it contains no such central computer. *Id.*

For all of these reasons, the Round 3 defendants' construction of a "central processing location" – the single (one and only one) location of the transmission system at which all of The Transmitting Steps are exclusively performed and from which a plurality of "local distribution systems" directly and exclusively receive processed audio/video information – is the correct construction.

B) Acacia's Construction of "Central Processing Location" Must Be Rejected

The problems with Acacia's construction of "central processing location" as "the principal position or site where processing occurs" are legion, extending far beyond Acacia's reliance on an inapposite definition. For example, there is no disclosure of or written description for a local distribution system which receives information from a plurality of transmission systems, one of which is "principal." In fact, as described above, there is no disclosure of a local distribution system which receives information from more than one transmission system at all. Therefore, Acacia's construction is inconsistent with the specification, and would result in all claims containing a "central processing location" limitation to be invalid for failure to comply with the written description requirement.

Moreover, if Acacia's construction is correct, then the Round 2 defendants are also correct that the term "central processing location" is indefinite. Pursuant to Acacia's construction, the public would have no way to ascertain which "processing" has to be "principally" performed at the "central processing location" or what percentage of that processing has to be done at a location for it to be the "principal" processing location.

C) "A Complete Copy of at Least One Item of Audio/Video Information"

As explained above, the parties agree that all of the steps which follow the '863 claim 14 phrase "wherein the transmitting step comprises," including the steps of "inputting an item having information . . .," "assigning a unique identification code to the item having information," and "formatting the item having information . . .," are performed as part of the step of "transmitting compressed, digitized data representing a complete copy of at least one item . . ." Therefore, the "item" in the phrase "representing a complete copy of at least one item" is the "item containing information." Acacia does not dispute this. (Acacia Br. pp. 5-7.)

Instead, Acacia argues only that this limitation cannot mean "a copy of all of the audio/video information that is contained on one physical item," as the Round 3 defendants contend, because an "item containing information" is not a physical object. For the reasons described above in Section II(C), however, an "item containing information" is a physical object.

Moreover, if Acacia's construction of "item" as simply "audio/video information in a compressed, digitized form" is adopted, then the "complete copy" limitation would be indefinite. Every piece of information, no matter how small or large, could constitute an item. For example, the complete movie Star Wars could be an item, one scene could be an item or one frame could be an item. Whatever information is transmitted, no matter how large or small, is a "complete copy" of something that qualifies as an item according to Acacia, and the "complete copy" limitation loses any meaning.

In order for "complete copy" to have meaning, it must be with reference to a definably bounded amount of information, such that one can determine if a "complete copy," or less than a "complete copy," has been made. Pursuant to our construction, the "complete copy" limitation is given effect according to its plain meaning. Everyone knows, for example, what a "complete copy" of a videotape means, and everyone knows how to ascertain whether a complete copy has actually been made.

D) "Compressed, Digitized Data"

Acacia does not address in its Brief, one way or the other, the Round 3 defendants' construction of "compressed, digitized data" as "the compressed and sequenced addressable data blocks." Consequently, it is possible that Acacia does not dispute this construction. It should not, as it follows directly from the claim itself.

The parties agree that the steps of "storing, as a file, the compressed, formatted, and sequenced data blocks . . . ." and "sending at least a portion of *the file*" must be performed as part of the step of "transmitting compressed, digitized data . . ." In addition, the "formatted . . . data blocks" are a "sequence of addressable data blocks," formed in the step of "formatting the item having information as a sequence of addressable data blocks."[30] The "compressed, digitized data" which is transmitted, then, must be the file containing the compressed and sequenced addressable data blocks. If it is not, then the claim is indefinite, as there would be no way to tell what the "compressed, digitized data" is that is transmitted to the local distribution system, or how it relates to the compressed and sequenced addressable data blocks which are also sent to the local distribution system as part of the same step.

SECTION XIII (JCC # 13)

"transmitting compressed, digitized data representing a complete copy of at least one item of audio/video information from a central processing location"

('863 claim 17)

Round 3 Defendants' Proposed Construction

Sending the compressed, sequence of addressable data blocks representing a copy of all of the audio/visual information contained on the at least one physical object from the transmission system at the central processing location.

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[30] Since the "formatted" data blocks are the "sequence of addressable data blocks," the phrase "formatted and sequenced data blocks" appears redundant.

Argument

For the reasons discussed in Section XII(C) above, "a complete copy of at least one item of audio video information" means "a copy of all of the audio/visual information contained on the at least one physical object." For the reasons discussed in Section XII(D) above, "compressed, digitized data" means "the compressed, sequence of addressable data blocks." Finally, the parties agree that the transmission system is at the central processing location. (Stipulation ¶ 6.)

Incorporating these constructions and stipulations into the claim term "transmitting compressed, digitized data representing a complete copy of at least one item of audio/video information from a central processing location," the term should be construed to mean "sending the compressed, sequence of addressable data blocks representing a copy of all of the audio/visual information contained on the at least one physical object from the transmission system at the central processing location."

SECTION XIV (JCC # 12)

"formatting items of audio/video information as compressed digitized data at a central processing location"

"wherein the formatting step comprises"

('863 claim 17)

Round 3 Defendants' Proposed Construction

"Central Processing Location" means: The single (one and only one) location of the transmission system, at which all of the processing of audio/video information by the transmission system is exclusively performed and from which a plurality of "local distribution systems" directly and exclusively receive processed audio/video information.

The step of "formatting items of audio/video information as compressed digitized data" must be exclusively performed at this single central processing location, as must the following steps:

> “transmitting compressed, digitized data representing a complete copy of at least one item of audio/video information” to the “local distribution system”;
>
> “inputting an item having information into the transmission system;”
>
> “assigning a unique identification code to the item having information;”
>
> “formatting the item having information as a sequence of addressable data blocks;” and
>
> “compressing the formatted and sequenced data blocks.”

In addition:

> “compressed, digitized data” means the compressed, sequence of addressable data blocks.
>
> The audio/video information from the item is examined to determine if it is in analog or digital form. If the audio/video information in the item is in analog form, it is converted into digital form and then compressed. If the audio/video information in the item is already in digital form, then it is compressed.
>
> The “digitization” of analog information occurs before the “sequence of addressable data blocks” are created, but after the step of “inputting an item having information into the transmission system.”

Argument

A) “Central Processing Location”

The parties agree that all of the steps which follow the ’863 claim 17 phrase “wherein the formatting step comprises” are performed as part of the step of “formatting items of audio/video information . . .” (All of these steps are collectively referred to as “The Formatting Steps” in this Section.) The parties also agree that The Formatting Steps must be performed at the “central processing location.” (Stipulation ¶ 6.)[31] The parties do not agree on the meaning of “central processing location.” The basis for the Round 3 Defendants’ construction is set forth in Section XII(A), above.

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[31] The parties further agree that The Formatting Steps must be performed by the transmission system, which is located at the central processing location. *Id.*

The Formatting Steps must be performed *exclusively* at the "central processing location" because, as reflected in our construction, a "central processing location" is a single (one and only one) location at which all processing is exclusively performed.

B) "Compressed Digitized Data"

The basis for our construction of "compressed digitized data" as "the compressed, sequence of addressable data blocks" is explained in Section XII(D) above.

C) "Formatting . . . as Compressed Digitized Data"

"Compressed, digitized data" has two components. The data must be in digital format, and it must be in compressed format. In order to perform the step of "formatting . . . as compressed digitized data," then, the transmission system must ascertain whether the information is already in analog or digital form. If it is in analog form, it must be converted into digital form and then compressed. If the information is already in digital format, however, it need only be compressed.

This is exactly the way the transmission system depicted in Figure 2 operates. Converter 113 places information into "a predetermined format as formatted data." (6:61-62.) If the information is in analog format, it is converted into digital format and placed into a "predetermined format." If the information is already in a digital format, the converter need only place the information into the "predetermined format." (7:1-18.) In this way, the compressor 116 always operates on digital data.

Acacia disputes our construction by asserting that "[t]he claimed method applies equally to methods in which only analog information is input, methods in which only digital information is input, and methods in which both analog and digital information is input." (Acacia Br. pp. 42-44.) That is exactly *our* point. The information can be in either analog or digital form before the formatting step takes place – we agree that both are coved by claim 17. However, as taught in the specification, the converter (113) must know which format it is in, because analog information is processed differently than digital information.

Finally, if the information is in analog form, it must be converted into digital form after the claimed step of "inputting an item having information into the transmission system," but before the step of "formatting the item having information as a sequence of addressable data blocks." The former requirement follows from the fact that, if the information was in digital format prior to the "inputting" step, then it was in digital form before it was ever in the transmission system, meaning the transmission system would have no need to convert it. It must be in digital format before the step of "formatting . . . as a sequence of addressable data blocks," however, because as discussed in Section IX, a "sequence of addressable data blocks" is formed by adding address offsets to information that has already been placed into a sequence of digital data blocks. The information must therefore be in digital format before the sequence of digital data blocks can be made "addressable."

SECTION XV (JCC # 23)

"reception / receiving system"

('992 claim 19; '275 claims 2 and 5)

Round 3 Defendants' Proposed Construction

> A "reception system" (and a "receiving system") is a system which receives information, either electronically or optically, directly from a transmission system.

Argument

A) Prior Proceedings

The Court previously construed the term "reception system" as used in claim 1 of the '702 patent to mean "an assembly of elements, hardware and software, capable of functioning together to receive items of information." (Markman I p. 28.) Neither Acacia nor any of the Round 1 or Round 2 defendants sought reconsideration of this construction, and none of these parties ever addressed whether the term "reception system" has a different meaning as used in any of the other claims of the Yurt patents.

Subsequent to the issuance of Markman I, the Court ruled that the terms "identification encoder" and "sequence encoder" are indefinite. Acacia has conceded that the Court's ruling renders all of the claims of the '702 patent indefinite. The '702 patent is therefore no longer in this case,[32] and the Round 3 defendants need not address the Court's construction of "reception system" as used in claims of the '702 patent.

However, the Round 3 defendants respectfully submit that the term "reception system" as used in claims 2 and 5 of the '275 patent has a different meaning than the meaning the Court ascribed to the term as used in the claims of the '702 patent. The Round 3 defendants submit that the proper construction of "reception system" in claims 2 and 5 is "a system which receives information, either electronically or optically, directly from a transmission system." The term "receiving system" as used in claim 19 of the '992 patent has this same meaning.

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[32] The Round 2 defendants have moved for Summary Judgment of invalidity of the '702 patent. Although the Court has not yet scheduled a hearing on that motion, the Court has not scheduled any further claim construction proceedings relating to the '702 patent.

B) "Reception System" in '275 Claims 2 and 5, and "Receiving System" in '992 Claim 19, Mean "A System Which Receives Information, Either Electronically or Optically, Directly from a Transmission System"

As explained in Section I(B) above, the inventors repeatedly described their invention as a "transmission and receiving system." As taught by the specification, the transmission system processes and stores the information using the components depicted in Figure 2, and then sends the information directly to a receiving system (alternatively called a reception system in the specification).[33] Although the specification discloses a number of transmission system/reception system configurations in Figures 1a-1g, the direct transmission by the transmission system to the reception system is a characteristic of all of them. The Court has seemingly already recognized that the intrinsic evidence requires that "reception systems" receive information directly from transmission systems, as the Court included in its original definition of "transmission system" the requirement that a transmission system "transmi[t] to a reception system." (Markman I p. 28.)

Claims 2 and 5 of the '275 patent call for "sending . . . information from the transmission system to the reception system." "Reception system" in these claims should be construed consistent with the intrinsic evidence to mean "a system which receives information directly from a transmission system." Moreover, because the parties agree that "sending" in the claims of the '275 patent means "transmitting electronically or optically" (Stipulation ¶ 19), the correct construction for "reception system" in claims 2 and 5 is:

> A system which receives information, either electronically or optically, directly from a transmission system.

Similarly, claim 19 of the '992 patent calls for "sending . . . information from the transmission system to the receiving system . . ." Therefore, the term "receiving system" in claim 19 should be construed to have the same meaning as the term “reception system” in claims 2 and 5 of the ’275 patent.[34]

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[33] The terms "receiving system" and "reception system" are used interchangeably in the specification.

Acacia complains that the claims do not require that a reception system receive information “electronically or optically” from a transmission system. (Acacia Br. pp. 66-67.)[35] This is difficult to understand. As noted above, claims 2 and 5 of the ’275 patent require that a transmission system send information to a reception system, and claim 19 of the ’992 patent requires that a transmission system send information to the receiving system. The parties have stipulated that “sending” means “transmitting electronically or optically.” Therefore, the Round 3 defendants’ construction follows directly from the claim language and the stipulation.

Acacia also complains that there is nothing in the claims that requires a reception system to receive information directly from a transmission system. (*Id.*) Acacia does not explain, however, what it means for a transmission system to “send” to a reception system, as required by the claims, if the reception system does not have to be the direct recipient of the information sent by the transmission system. If the transmission system sends the information to some other system (call it “system X”), and system X then sends the information to the reception system, it was not the transmission system which sent the information to the reception system. The transmission system sent the information to system X. System X then sent the information to the reception system.

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[34] The parties have previously stipulated that “sending” in the claims of the ’992 patent also means “transmitting electronically or optically.” Parties’ Stipulated Definitions For Claim Terms From The ’992 And ’275 Patents, ¶ 1.

[35] Acacia also addresses claim 4 of the ’720 patent. The Round 3 defendants are not accused of infringing the ’720 patent, and we therefore take no position as to the meaning of any terms used in the claims of the ’720 patent.

Acacia's objection to the Round 3 defendants' construction is an attempt to vitiate the limitation of the claims that the transmission system send to a reception system. This it cannot be permitted to do. Consistent with the plain language of the claims and with all of the disclosed embodiments, the "reception system" of '275 claims 2 and 5 and the "receiving system" of '992 claim 19 must receive information, either electronically or optically, directly from a transmission system.

C) The Use of "Receiving System" in '275 Claims 2 and 5

The term "receiving system" as used in claims 2 and 5 of the '275 patent was the subject of briefing for the June 14-15 Markman hearing.[36] In the Round 3 Defendants' May Brief, we offered the following construction of "receiving system" limited to the use of the term in claims 2 and 5:

> a device on which playback can occur - a device which itself can display video content or play audio content directly to a user, such as a television or a radio. (The "receiving system" cannot be a set top box).[37]

This construction differs from the construction of "receiving system" (and "reception system") provided above because the term "receiving system" is used anomalously in claims 2 and 5. Indeed, claims 2 and 5 contain the phrases "a reception system associated with a receiving system" and "playing back the stored copy . . . from the reception system to the receiving system" – indicating that the two terms, as used in those claims, are not synonymous.

The Round 3 defendants' construction of "receiving system" in these claims is required because, unlike the claims in the '992 patent, claims 2 and 5 of the '275 patent require "playing back

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[36] The two-day Markman hearing concluded before oral argument could be heard on this issue.

[37] Round 3 Defendants' May Brief pp. 55-57.

. . . to the receiving system." The receiving system, therefore, must a "device on which playback can occur." This is further supported by the specification.

Although there are several transmission system/reception system configurations disclosed in the specification, all of these configurations call for direct transmission from a transmission system to a reception system and for playback directly from the reception system to a user. The "playback device," the device the reception system plays back the information to, is described in the specification as a "TV or audio amplifier." (18:36-37; *see also* 17:25-28.)[38] The specification does not disclose any embodiments in which a reception system transmits to another reception system.

Therefore, the limitations in claims 2 and 5 of "playing back . . . information . . . from the reception system to the receiving system" satisfies the written description requirement only if the "receiving system" is construed as the "playback device" (*e.g.*, a television). That is, the claims must be interpreted as directed to the only embodiments disclosed, whereby a transmission system transmits directly to a reception system, which plays back the information directly on a playback device.[39]

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[38] The concept of "playback" is described in more detail in Round 3 Defendants' Claim Construction Brief (Part I) at 55-57.

[39] As described in the Round 3 Defendants' May Brief pp. 55-57, the plain language of "playing back . . . from the reception system to the receiving system" also compels the construction that the receiving system is the playback device.

SECTION XVI (JCC # 5)

"receiving the transmitted compressed, digitized data representing a complete copy of the at least one item of audio/video information, at a local distribution system, remote from the central processing location"

('863 claims 14 and 17)

Round 3 Defendants' Proposed Construction

> The Round 3 defendants agree with Acacia's construction of "local distribution system" as "an assembly of elements, hardware and software, that function together to receive transmitted data, store the data, decompress the data, and transmit the data to at least one subscriber receiving station."

SECTION XVII (JCC # 6)

"storing the received compressed digitized data representing the complete copy of the at least one item at the local distribution system"

('863 claims 14 and 17)

Round 3 Defendants' Proposed Construction

> All of the received compressed, sequenced addressable data blocks representing the complete copy of the at least one item is in storage in the local distribution system at the same time.

Argument

Having now had the benefit of reading Acacia's brief, it appears to the Round 3 defendants that there may be no dispute between the parties regarding the meaning of this term. Acacia says that it is in "substantial agreement with the Round 3 defendants," and that it disputes only the aspect of our construction requiring that the data be in the "same storage device." (Acacia Br. p. 28.) We have therefore removed that language from our construction (our revised construction is recited above.) Our objection to the construction offered by Acacia and the Round 2 defendants was that it did not specify, as the claims do, that a complete copy of the data be in storage at the same time *in* *the local distribution system*. Since Acacia does not take issue with that proposition, it appears the parties will be able to agree on the construction of this term.

SECTION XVIII (JCC # 7)

"in response to the stored compressed, digitized data, transmitting a representation of the at least one item at a real-time rate"

('863 claim 14)

Round 3 Defendants' Proposed Construction

> Information in the "stored compressed, digitized data" triggers the local distribution system to send "a representation of the at least one item at a real time rate . . ."

Argument

The disagreement between Acacia and the Round 3 defendants centers on the meaning of the phrase "in response to." '863 claim 14 requires that the "transmitting" from the local distribution system to the "at least one of a plurality of subscriber receiving stations" occur "in response to" the data which was received and stored at the local distribution system.

Acacia contends that "in response to" means "after." (Acacia Br. pp. 31-32.) Thus, as Acacia would have it, it does not matter how long after the information is received at the local distribution system that it is transmitted to subscriber receiving stations, or what it is that initiates the transmission to subscriber receiving stations. This is simply not what "in response to" means – "after" is a completely different concept than "in response to." The plain meaning of transmitting "in response to [the] data" is that information in the data itself triggers (i.e. initiates/actuates)[40] the transmission.

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[40] Webster's Third New International Dictionary, p. 2444 (2002)

Acacia is correct that this step describes the disclosed embodiment in which information is "buffered such that the user receives the requested material at a delayed time." (Acacia Br. p. 31.) As previously described by the Round 3 defendants,[41] the operation of this embodiment begins with a user request to the transmission system which specifies the time when the user would like to receive the information. The transmission system then sends the information to the local distribution system,[42] which "buffers" the information until the time the user specified in his request. At that time, the local distribution system plays the information back to the user.

For this disclosed embodiment to work, there must be information in the data sent from the transmission system to the local distribution system which tells the local distribution system when to play the data to the user. The "transmitting" by the local distribution system takes place "in response to" the information in the data which tells it when to play back the data to the user.

For these reasons, the Round 3 defendants' construction of this term – information in the "stored compressed digitized data" triggers the transmission of the representation of the at least one item from the local distribution system – should be adopted.

SECTION XIX (JCC # 8)

"at least one of a plurality of subscriber receiving stations coupled to the local distribution system"

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41 *See* Round 3 Defendants' May Brief pp. 24-27; Round 3 Defendants' Demonstrative Exhibits Tab 13; June 14, 2006 Hearing Transcript, pp. 57-61 (Benyacar Decl. Exh. N)

42 As Acacia says, the local distribution system is "referred to and depicted as a 'reception system' in the specification." (Acacia Br. p. 30.)

('863 claims 14 and 17)[43]

Round 3 Defendants' Proposed Construction

> A "subscriber receiving station" is a subscriber device on which playback can occur - a device which itself can display video content or play audio content directly to a user, such as a television or radio.
>
> The Court has previously construed "coupled to" to mean "directly connected to or attached to." One example the Court gave as evidencing that two elements are not "coupled to" each other is the need to use a disk to transfer information from one to the other. [*See*, Markman I at 22-23.]

Argument

As described in Section XV(C) above, although the specification discloses several different combinations of transmission systems and reception systems, all have one thing in common. A transmission system transmits directly to a reception system, and a reception system transmits directly to a playback device (*e.g.*, a television or audio amplifier – 17:25-26; 18:36-37). A playback device is a device which itself can display video content or play audio content directly to a user, such as a television or radio. (*See* Round 3 Defendants' May Brief pp. 55-57.)

The term "subscriber receiving station," used in '863 claims 14 and 17, is not used in the specification. Acacia argues that "station" should be construed as a "reception system," because the Figure 6 reception system allegedly (though not expressly) includes some of the equipment which makes up a "station" pursuant to one of the dictionary definitions of "station." (Acacia Br. pp. 33-34.) The primary problem with Acacia's construction is that it would cause claims 14 and 17 to describe an embodiment which is not disclosed in the specification. These claims require transmission from a transmission system to a local distribution system, followed by transmission from a local distribution system to "at least one . . . subscriber receiving station." If, as Acacia alleges, the local distribution system is the disclosed Figure 6 reception system (Acacia Br. p. 30), then the "subscriber receiving station" cannot be such a reception system because there is no disclosure of one reception system transmitting to another reception system.

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[43] Both claims 14 and 17 contain the "subscriber receiving station" and "coupled to" limitations, though only claim 14 contains this entire phrase.

The Round 3 defendants' construction is the only construction which is supported by the specification. The construction of "subscriber receiving station" as a device which itself can display video content or play audio content directly to a user, such as a television or radio, is also consistent with the plain meaning of "station." Obviously, a television and a radio are both "a complete assemblage of radio or television equipment including antenna . . . receiving set, and signal . . . reproducing device." Webster's Third New International Dictionary, p. 2229 (2002)

SECTION XX (JCC # 9)

"decompressing the compressed, digitized data representing the at least one item of audio/video information after the transmission step wherein the decompressing step is performed in the local distribution system to produce the representation of the at least one item for transmission to the at least one subscriber station."

('863 claim 14)

Round 3 Defendants' Proposed Construction

> The "compressed, digitized data" is decompressed in the local distribution system to produce the "representation" which is then sent to "the at least one subscriber station" in uncompressed digital form.

Argument

The Round 2 defendants contend that "representation" is indefinite. (Joint Claim Chart #7; Benyacar Aug. 11 Decl. Exh. M.) To dispute this contention, Acacia relies heavily on the fact that claim 14 itself describes exactly how the "representation" is formed:

> Thus, the representation that is described in this phrase of claim 14 as being "a representation of the at least one item" was produced from the compressed, digitized

> data that was received at the local distribution system by decompressing the compressed, digitized data.
>
> * * *
>
> Claim 14 itself informs persons of ordinary skill in the art that the representation of the at least one item for transmission to the at least one subscriber station is formed in the step of decompressing the compressed, digitized data representing the at least one item of audio/video information.

(Acacia Br. p. 30.)

Acacia is correct that claim 14 does describe exactly how the representation is formed – it is formed by "decompressing the compressed, digital data . . . to produce the representation . . ." The Round 3 defendants also agree with Acacia that this description may save the term "representation" from indefiniteness problems it would otherwise have. However, this claim limitation must be given effect. When "compressed, digital data" is "decompressed," what is formed is uncompressed, digital data. Decompression is "[a] function that expands data to the length that preceded data compression." IBM Dictionary of Computing, p. 183, McGraw Hill, Inc. (1993) (Benyacar Aug. 11 Decl. Exh. O) Therefore, the representation that is transmitted from the local distribution system to subscriber receiving stations is uncompressed, digital data.

We argue in the next section that the ". . . transmit a representation . . . to at a plurality of subscribers . . ." limitation in '863 claim 17 is indefinite because of the incomprehensible "to at" phrase. If that limitation is not indefinite, then the term "representation" in this limitation in claim 17 should have the same meaning as the term "representation" in claim 14 as described in this Section XX. Any other construction would render the term indefinite.

SECTION XXI (JCC # 14)

"using the stored compressed, digitized data to transmit a representation of the at least one item to at a plurality of subscriber receiving stations coupled to the local distribution system"

('863 claim 17)

Round 3 Defendants' Proposed Construction

Indefinite.

Argument

There is clearly an error in the claim language "transmit . . . *to at* a plurality of subscriber receiving stations." The use of the two prepositions "to" and "at" right next to each other is simply not English, and makes no sense. In order for the Court to judicially correct this error, it must be apparent from the face of the patent itself how the claim was intended to read, otherwise it is indefinite. *Novo Indus., L.P. v. Micro Molds Corp.*, 350 F.3d 1348, 1357-58 (Fed. Cir. 2003). *Novo* established the following two-part test:

> A district court can correct a patent only if (1) the correction is not subject to reasonable debate based on consideration of the claim language and the specification and (2) the prosecution history does not suggest a different interpretation of the claims.

Id.

With respect to claim 17, there is no way to know how the claim was intended to read. For example, it is possible that the presence of the word "at" in the phrase is in error, and that the phrase was intended to read "transmit . . . to ~~at~~ a plurality of subscriber receiving stations . . ." On the other hand, it is possible that the words "least one of" were omitted to the claim, and that the claim was supposed to read "transmit . . . to at least one of a plurality of subscriber receiving stations . . ." This is the way claim 14 is written, which calls for "transmitting . . . to *at least one of* a plurality of subscriber receiving stations . . ." ('863 21:45-47.) The prosecution history sheds no light on which of these options was intended.

The facts of this case are similar to those in *Novo*. There, the applicable claim language read "stop means formed on a rotatable with said support finger . . ." The district court corrected the phrase by substituting "and" for "a", such that the phrase would read "stop means formed on *and* rotatable with said support finger . . ." The Federal Circuit reversed. The claim was indefinite, the Federal Circuit held, because there was no way to tell how the claim was intended to read. "Most important[ly]," instead of deleting words from the claim or changing "a" to "and," "the correct approach might be to add a word that was missing, such as "skirt" or "disk." *Id.* This was true even though the specification used language which closely tracked the way the district court corrected the claim ("a drive gear 26 *mounted on and rotatable with* an upper end of support finger 20") and contained figures which supported the district court's construction, because "these references do not provide the necessary clarity to overcome the ambiguity of the claim." *Id.*

In short, *Novo* held that "in order to make sense out of the patent, the district court was required to guess as to what was intended. That is beyond its authority." That is equally true here. Because there is no way to know how this phrase was intended to read, it is indefinite.

Acacia alleges that the words "to" and "at" have similar meanings, and concludes from this that the use of both of these words together does not change the meaning the phrase would have if only one of the two words were used. (Acacia Br. p. 46.) Even if it were true (which it is not) that "to" and "at" have similar meanings, Acacia's conclusion that the claim should be read as if one of those words was not present simply does not follow. There is an error in the claim, and there is no way to know whether to correct the claim by adding words or deleting them ("Most important, the correct approach might be to add a word that was missing . . ." *Novo,* 350 F.3d at 1357.

Moreover, Acacia's assertion that "to" and "at" mean the same thing is incorrect. Although Acacia provides a dictionary definition of "at," it is but one of many definitions that the dictionary provides for the word. Notably, Acacia omits from its brief the context that the dictionary provides for when the cited use of "at" is appropriate - "aimed the arrow *at* the target," "snatched *at* the purse but missed." (Block Decl. Ex. 7.) Obviously, this is not the context in which the word is used in the claim phrase "transmit . . . to at a plurality of subscriber receiving stations." If Acacia were correct that the applicable meaning of "at" is the "goal of an action" (Acacia Br. p. 46), then to "transmit at . . . subscriber receiving stations" would mean no transmission would actually take place – the goal would be to transmit, but that goal might not be achieved. This is a very different meaning than "transmit to . . . subscriber receiving stations," which requires an actual transmission.

That is the reason why, idiomatically, it is incorrect to use the preposition "at" in conjunction with verbs such as "transmit" or "send." It is certainly not used in this manner in any of the Yurt patents. In fact, when the word "at" is used in conjunction with a verb in the '863 claims, it is used to reference the place where the action is occurring. For example, claims 14 and 17 contain limitations to "receiving . . . at a local distribution system"; "storing . . . at a local distribution system"; and "formatting . . . at a central processing location." Thus, consistent with the use of the preposition "at" in the claims of the Yurt patents, a third possible way to correct this phrase is to delete the word "to," such that the claim would be construed to mean "transmit . . . ~~to~~ at a plurality of subscriber receiving stations." Corrected this way, the phrase would mean that the "subscriber receiving stations" were doing the transmitting, not the receiving.

For all of these reasons, there is no way to know what was intended by the nonsensical phrase, "transmit . . . *to at* a plurality of subscriber receiving stations." The phrase is therefore indefinite, and cannot be judicially corrected.

SECTION XXII (JCC # 15)

The order of the steps of claims 14 and 17 of the ’863 patent.

Round 3 Defendants’ Proposed Construction

The parties agree that the steps of claims 14 and 17 of the ’863 patent are performed in the order recited in each claim. The Round 3 defendants maintain that each step may begin only after the prior step or steps have been completed.

Argument

As Acacia states, the only dispute between the parties on the order of the steps is whether each step begins and occurs only after all prior steps have been completed. (Acacia Br. p. 47.) As Acacia also states, “[t]his is the same issue that was argued to the Court during the last round of Markman briefing with respect to the method claims in the ’992 and ’275 patents.” *Id.* The Round 3 defendants’ position on this issue is explained at Point XV of their May Brief, Tab 5 of Round 3 Defendants Demonstrative Exhibits, and the June 14, 2006 Hearing Transcript, p. 95 (Benyacar Aug. 11 Decl. Exh. N).

Respectfully submitted,

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